THE BUSINESS WEEK

A Journal of Business News and Interpretation

FEB 4 1930

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FEBRUARY 5 1930

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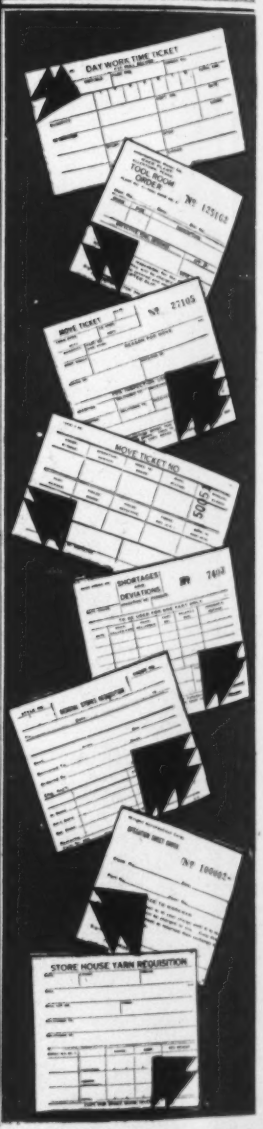

McCASKEY

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THE
BUSINESS WEEK

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING FEBRUARY 1, 1930

WHAT'S IN THIS ISSUE—AND WHY

• PRICES in Wall Street, in the judgment of THE BUSINESS WEEK, have reached a level—the 1926 average—from which continuing improvement in business will justify advances. Agree with us or not, you will be interested in the analysis of our reasons for this conclusion.

• COLORADO FUEL & IRON, of long and not always happy history, apparently is about to pass into the hands of the new Eaton steel group—which by the way seems ambitious to rival or outstrip Bethlehem in size.

• HOLLYWOOD stars may now really grow slenderer, whether they smoke, or eat candy, for they lose a great source of revenue through the Federal Trade Commission's ruling on paid testimonials. Facetiousness aside, there are broad implications in the consent decree not hitherto pointed out, and of importance to every advertiser.

• WE have begun to save again, as figures from New York State savings banks show. The tide has turned upward, after the long ebb toward Wall Street. The figures are new—have not been published elsewhere.

• BUILDING dominates the Hoover program of business stimulation so completely that we are certain to bend new scrutiny upon the construction industry. Under this close examination, we see a favorable outlook, indeed, but also some things that badly need to be done for the least well-organized or fundamental businesses.

• INSTALMENT selling received a benediction from a most unexpected source when the venerable and conservative Bank of England backed a time-sales corporation. True, the concern deals, not with householders, but with factories buying machinery. The move is startling just the same—a part of England's grim effort to restore health of industry.

• CHICAGO'S financial woes haven't yet hurt business there. It may surprise you to learn that in part its troubles are due to reform.

• SALE of the Brotherhood of Locomotive Engineers bank in Cleveland writes "Finis" to one chapter in labor's amazing adventure into finance. You may be somewhat astonished to review how diversified and how vast the Brotherhood's holdings were—and are.

• FREE ports of Europe wield a vast influence in the flow of world trade. Free ports in America may never rival Hamburg, indeed, but might be useful just the same—and Congress, we report, may do something about it at last.

• GIANNINI will retire June 30, he firmly insists. Already he has named Elisha Walker to command. The contrast between their personalities is fascinating.

Business Outlook

BUSINESS is warming up, as it should, from the bottom, and somewhat earlier or faster than was expected. This is dramatized by the blow-in of several blast furnaces for the first time in months. Steel production has expanded with surprising rapidity under the stimulus chiefly of automobile makers who think the market is good and are increasing schedules, preparing to try it out.

Recent government reports are positive that employment has increased generally since the first of the year, which is not only gratifying but remarkable. Weakness in commodity prices, with the collapse of price pegging plans, however, is retarding buying activity, and freight traffic and general trade are about as active as they were during the painful early weeks of 1928 when Model A was being born.

The market is clearly gaining ground against the steady liquidation of bank security loans and investments, and the banks are thus getting more elbow room in which to handle increasing spring business credit needs. But for all except the most liquid loans money is still tight and the need for lower rediscount rates continues. It is doubtful whether present signs of business recovery can be fully realized or long sustained without more Reserve Bank aid than has so far been forthcoming. Steady reduction of member bank indebtedness and falling bank rates abroad bring this nearer.

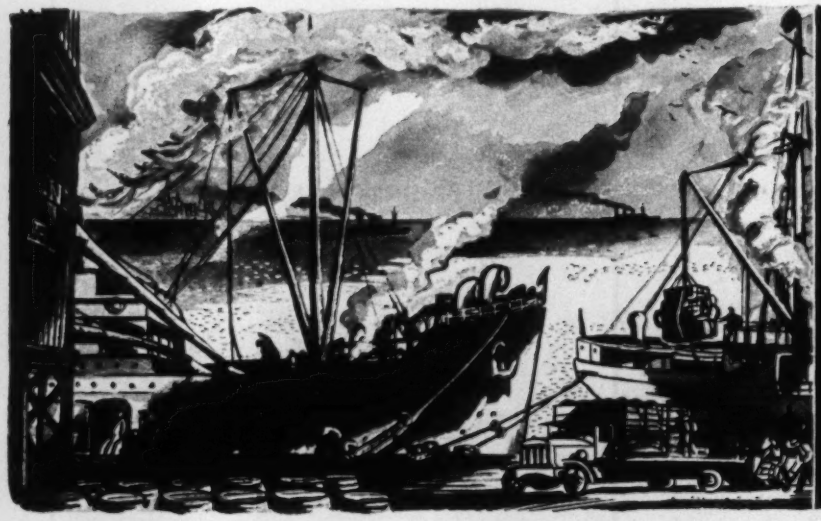
Construction Has Prospects —And Problems

The Federal government is engaged, for the first time in our history, in the experiment of trying to stimulate construction by private interests and state and local governments throughout the country, as an important part of its program for maintaining business activity. Its efforts are significant not merely for the effect that they may have upon business. Even if business revival takes place without any notable increase in building this year, as is likely, they will probably focus attention upon conditions in the building industry and influence its future development in many ways.

They began with the President's conferences, at which special emphasis was laid upon the maintenance or prudent expansion of public utilities and state and local construction programs for 1930. A Division of Construction has since been established in the Department of Commerce to keep closer check upon and follow through local public construction projects. There is also in the department a Division of Building and Housing devoted to the interests of home owners. The broader problems of local private construction were considered in a national building conference held in Washington last week under the auspices of the National Business Survey Conference headed by Mr. Barnes. More than a hundred representatives of the various industries interested in construction attended and authorized the organization of a permanent committee to encourage building activities. This committee, to be composed of representatives of the key construction industries, is to make propaganda showing that conditions are favorable for carrying out construction plans, to make a survey of proposed new building, remodeling and replacement projects and to find means for facilitating the financing of building projects.

This conference was important because, according to information from Washington correspondents to THE BUSINESS WEEK, it reflected clearly the indifference about the broader problems of the construction industry as well as the conflicts of interest and lack of cooperation among the various organized groups in it, and because at the same time it did take a step toward closer organization and more cooperative effort in this field.

Another important feature of the conference was that it indicated a tendency on the part of the government to shift the emphasis in its program of expanding construction activity from the stimulation of new construction to that of modernization, rehabilitation, repair and remodeling of existing structures, particularly in the residential and commercial building fields. Under existing credit conditions it is probable that the prospects for such work are more prom-



ising than for any large increase in new building construction. Last year, according to Dodge estimates, expenditures on remodeling and modernization in miscellaneous, low-cost building projects were as large as those on new building, and in 1930 will probably be considerably larger, amounting to nearly $900,000,000.

At the same time the Federal government took notice of some features of the labor situation which stand in the way of a larger construction program. President Hoover urged the officials of the American Federation of Labor, meeting in Florida, to find ways of reducing the delays and costs due to jurisdictional disputes in the building trades, and the Federation has taken action toward setting up an arbitration tribunal for this purpose.

Increased building activity is slow in getting under way at this season, but it is going on at a distinctly higher level than in the closing months of 1929 and by the last half of this year is expected to be quite vigorous. The prospects for a fairly large year are good. Department of Commerce officials estimate that nearly $7,000,000,000 will be expended on the construction and maintenance of public works and public utilities this year, which, with $3,000,000,000 to be spent on residential, commercial and industrial building, should bring the total construction outlay for 1930 close to $10,000,000,000. The Copper and Brass Research Association estimates that the 1930 construction requirements will be close to $9,000,000,000. The F. W. Dodge Corporation estimates are somewhat lower, at about $8,500,000,000. It is likely that commercial and industrial building will be somewhat less; educational buildings, hospitals and institutions, public buildings, religious and memorial buildings, social and recreational construction projects, public works and utilities and miscellaneous, low-cost projects may be somewhat larger than last year.

The underlying sources of demand for increased construction of all types are strong and will grow. The country has to provide not only for housing accommodations for a population increase of 1,650,000 persons annually but to take care of a rural population that is constantly shifting to cities, to replace buildings destroyed by fire and storm, to repair, modernize and replace buildings that are wearing out or becoming obsolescent, to meet the demands of modern city planning agencies that are at work in every large city, besides the demand for better housing, sanitary facilities, waterworks, roads and other community services required by higher standards of living. Nevertheless, there are difficult problems to be met before the rate of expansion of construction can be greatly increased in the future. Among these the most important are the waste and inefficiency in local government finance which is causing increasing protest against rapidly mounting local tax burdens; the wasteful and chaotic labor situation throughout the industry; the lack of nationally organized cooperative effort among all the diverse business interests and groups within the industry; its relative backwardness in techincal improvements; and, particularly at the present time, the unsatisfactory credit conditions governing the financing of construction.

Shipping Gets Bigger Crutches to Lean On

THE long-drawn out controversies that have been going on in Washington in the past few months about how much more money shipbuilders and operators are to get from the Government for building and running ships and who is to get the money will apparently be settled at any early date. The House Merchant Marine Committee has been holding hearings on proposals to amend the Jones-White Merchant Marine Act, and such amendments will probably be offered in Congress soon, and will probably be made. Most of those concerned agree, and apparently the public, which will have to pay the bill, is satisfied too, for it has not taken much interest in the proceedings.

The first and most important of these amendments will permit the Postmaster General, in granting mail subsidies, to give preference to companies which have purchased or now operate Shipping Board vessels. This will settle the difficulty which the Post Office has faced as a result of the fact that the present law required it to give its subsidies to the lowest bidders, while companies that have bought Shipping Board vessels or undertaken to operate them in expectation of a subsidy have been faced with the unpleasant necessity of running their ships without Government aid—other than the very low prices and easy terms on which they bought or leased them. Preference for those lines that have come to the aid of the Shipping Board is apparently to be left to the discretion of the Post Office. This preference may take the form of granting contracts regardless of bids, or of "negotiating" with a low but preferred bidder to raise his figure, as indeed has already been done in several cases under the present law. Moreover, the contracts are likely

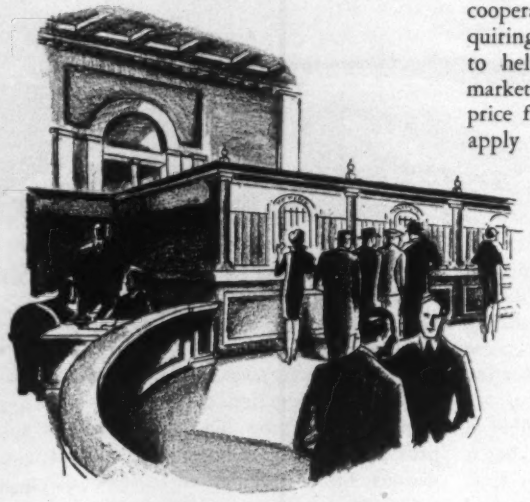
to be awarded only to those companies demonstrating their ability to furnish the service required—which, in practice, will mean those willing to build some new ships with money borrowed from the Government.

In view of the practical certainty of such an amendment being made soon it may seem queer that the Post Office should think it necessary to call for bids on its 13 new mail routes as it planned. But it is doing so, and it is clear that the main purpose the Department has in view in all this is to facilitate or force the carrying out of its shipbuilding program, which, under these contracts, calls for the construction of thirty vessels, aggregating about 300,000 tons and costing $175,000,000, during the life of the contracts, mostly ten years. In other words, the mail subsidy provisions of the Merchant Marine Act are to be made the means of expanding and modernizing our shipping facilities, which is probably what Congress intended.

As a further step in that direction, another amendment would lower the rate of interest on ship construction loans by the Shipping Board (which cover up to 75% of the cost of the vessel) from 5¼% to 3½% during the period of building—in fact, to the lowest rate paid by the Government on any outstanding obligation issued since 1917. Such low interest rates for shipbuilders are intended to "equalize" the difference in costs of production here and abroad.

Finally, it is proposed to bar mail contracts entirely to companies operating any ships under foreign flags, even though a large part of their ships may be under the American flag. Some American ship companies are not pleased about this, and there is some question as to whether such a provision would not hamper the chartering of foreign vessels needed to help in the movement of seasonal commodities.

These efforts to increase Government aid for the shipping industry will probably please shipping people for a while, but it is doubtful whether they will enable us to operate ships more successfully or will help much in the solution of the shipping problem. They show that the dependence of shipping on outside aid is increasing, and they mean that the taxpayer's burden to support an American merchant marine is likely to grow rather than diminish. The new mail contracts alone will add about $8,000,000 to the $15,000,000 now paid annually in subsidies for carrying foreign mail. Foreign shipping interests are pressing their governments for similarly increased aid. World shipping facilities are now in excess of demand, and their steady increase of them under government aid intensifies competition, lowers rates and profits and only makes further aid necessary.



The Farm Board Plans A Little Canning

THE Farm Board is moving fast. No one supposes that it has finished with wheat, cotton or wool in setting up gigantic marketing corporations for these commodities; but it is now working on fruits and vegetables—the most difficult and dangerous problem of all, not only because it is the most complex but because, more than the others, it raises the question of competition of government financed cooperatives with established business interests.

The grain trade has quieted down somewhat since its protest a few weeks ago about the activities of the National Grain Corporation; but in the Northwest there is still considerable oratory about the socialistic character of the Farm Board's activities in this line. The United States Chamber of Commerce has decided to adopt a watchful waiting policy concerning the effect of the Farm Board's activities upon private business interests. The food packers and canners, however, are becoming a little worried about what the Farm Board program would do to them, as was evident in the discussions at the recent meeting of the National Canners' Association in Chicago.

The financing of cooperative activity in processing farm products for the market is an important part of the Farm Board's program, as laid down by the Agricultural Marketing Act. In fact, some of those who supported and helped formulate this legislation have said that the most vital and significant part of it is the aid which it is supposed to give to cooperative farm organizations in acquiring control of processing facilities to help farmers hold products from markets in the raw state and get a better price for them. This will probably not apply to meat packing, but other branches of the food industry are watching the Farm Board's movements in the fruit and vegetable field pretty carefully.

The Board has held conferences with the representatives of fruit and vegetable cooperatives to discuss the formation of national marketing organizations for groups of these commodities and, in these conferences, it has discussed the problem of financing cooperative canning and packing plants. Plans for central marketing agencies for potatoes and apples have already been approved by the Board. It has made its first excursion into the financing of cooperative canners by granting credits amounting to nearly $2,000,000 to two organizations representing the cherry producers of Michigan and Wisconsin, and Michigan fruit growers. These advances are contingent upon contracts for a sufficient part of the tonnage of cherries, apples, pears, peaches, plums, grapes and small fruits produced in these territories. The Farm Board is to have full supervision over the processing and marketing activities of the organizations.

Since the problem of dealing with surpluses of fruits and vegetables so as to maintain or stabilize prices for the growers is inseparably bound up with processing and canning facilities, the canning industry is fully aware that its future may rest in the hands of the Farm Board. The canners see the emergency and are accumulating ammunition to meet the danger. The Farm Board, realizing that it will be unable to do much toward carrying out the intention of the law in this field without coming into conflict with established private interests, is nevertheless going steadily ahead. It is probable that its activities in this field will bring the whole question of the soundness of the government's agricultural policy to a crisis much sooner than with respect to the grain problem.

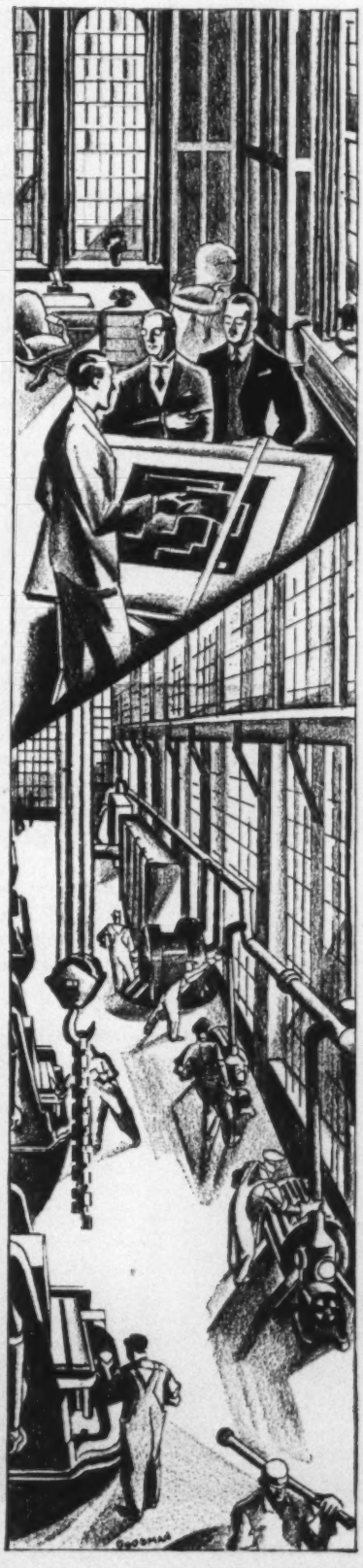
Firing on the Flag Of (Tariff) Truce

WHILE the prospects of more moderate tariff policies are improving in the United States, they seem to be getting worse in Europe. Recent action on the sugar, hides, leather and shoes items in the pending tariff bill in Congress suggests that the drive toward a sky-limit tariff here has been abandoned or greatly weakened; that Congress will be satisfied if the general level of industrial rates can be maintained where it is. But, even with the fear of a higher American tariff wall greatly diminished, Europe seems to have forgotten her righteous protests against us and is showing signs of a new outburst of protectionist agitation and activity.

This is explained, in part, as a kind of counter-offensive or preparation for the possible results of the conference which the League of Nations Council has called at Geneva on February 17 to consider the possibility of arranging a tariff truce (THE BUSINESS WEEK, January 15). Some countries are pushing through higher tariff rates or other restrictions in order to be able to agree more generously to any proposal not to increase them hereafter.

There probably isn't much in this explanation. The higher tariffs and more severe restrictions which some countries are trying to establish are being proposed on the same basis as that on which all such proposals are made—the self-interest of particular groups. There is little evidence that anyone in Europe takes this coming tariff truce conference seriously. The proposal has been accompanied by a heavy barrage of attack and warning from industrial interests in every country concerned. Obviously, the general feeling is that the conference will not be able to do much in the present state of European opinion.

The prospects of accomplishment are the more doubtful because of the recent agitation in France, Germany and other countries to increase tariff rates and impose further restrictions on imports of automobiles (THE BUSINESS WEEK, January 22). The threat of increase of the French tariff will probably be made a bargaining point when our own tariff bill is finally completed. Reports of a complete agreement among France, Belgium, Italy, Czechoslovakia and Austria to resist the expansion of American automobile business in Europe are not yet confirmed. This is probably also a threat put out for bargaining purposes or part of the propaganda of German automobile interests, which are trying to get



support for the proposal to increase the tariff and establish quotas on foreign automobile imports. Germany's automobile tariff is said to be lower than that of any other producing country in Europe, with the result that foreign producers have concentrated their export activities on the German market and gotten about half of it into their hands. The German proposal does not aim to increase the tariff, because that would only increase prices, but to give German manufacturers a larger part of the domestic market by limiting foreign imports. The German government has officially washed its hands of the whole idea, but it indicates a growing state of mind among European business interests.

If this plan should become effective one result will probably be to kill the Convention for the abolition of import restrictions and prohibitions signed at Geneva, December 20 by nineteen countries including the United States (THE BUSINESS WEEK, January 8). This treaty, drawn up after infinite care and lengthy conferences during the past three years under the auspices of the League of Nations, was a great step forward toward removal of some of the post-war barriers to international trade; but it is a weak infant and will probably not survive through the year, especially if some of the countries participating are as ready as Germany seems to be to ignore or violate it at the outset. Although the treaty went into force on January 1 its effective application is not to begin until July 1, before which date the 19 countries signing it will have opportunity to reconsider.

Reports from the European bureau of THE BUSINESS WEEK indicate that some of these countries will probably reconsider and that the treaty will either die or be left of very little value. The countries that signed it are all on the periphery of Europe and do not include central European countries, except Austria and Hungary. Poland and Czechoslovakia, which did not participate, have the worst array of restrictions. Unless they can be persuaded to join before July 1 it is almost certain that 11 of the countries now in the treaty will decide to withdraw, and only a half dozen countries (the United States, Great Britain, Holland, Finland, Sweden and Portugal) will be left to decide whether they wish to carry on for a year and renew the agreement at yearly intervals. If Germany, one of the signers, proceeds to ignore it and set up quota restrictions on automobile imports, it is probable that none of the countries will think it worth while to save the treaty.

Advertising ► Paid Testimonial Ban Has Sweeping Implications

IN one sweeping gesture the Federal Trade Commission last week freed American advertising of the heaviest burden it has had to bear in recent years. The decision is more sweeping than the daily press indicated. That is what leading advertising men think of the Commission's action in exacting from an unnamed—though not unsung—cigarette manufacturer a promise to "cease and desist" from the use of testimonials written by endorsers who had not used his products; from the use of paid testimonials of any kind unless the fact that they were paid for is published; from publication or broadcasting of statements that smoking of his cigarettes "will bring slender figures and cause a reduction of flesh in all instances."

Though the Commission did not name the respondent, the makers of Lucky Strikes have wasted a good many millions of dollars if everyone doesn't recognize them.

The last stipulation will seem the most important to the so-called "sweets industries" and their allies, whose indignation over what they labelled the "anti-sweets campaign" of the advertiser in question carried them almost to the length of supporting radical demands for an advertising censor at Washington. Their purpose has probably been served by this appearance of the Federal Trade Commission in the rôle of censor for the single case under attack.

Advertising men, as such, are paying more attention to the import of the Commission's action on the question of testimonials. They say that if the decision is made to stick and is applied as a cure for the epidemic of testimonials that has broken out, not only in cigarette advertising, but also in publicity on furniture, clothing, automobiles, airplanes, etc., almost ad infinitum, it will go a long way toward restoring to its original value voluntary personal endorsement, which is the best form of advertising that the world has known ever since Eve endorsed the apple.

The decision will deprive some of the more irresponsible or more needy members of society and the stage of a profitable source of income, it may jeopardize the success of rescues at sea, and it will deprive the readers of one weekly magazine of the opportunity of ever seeing again "next to reading matter" advertisements for sixteen commodities, all endorsed by one motion picture actress. This is the loss that the advertising profession is balancing against the return of the testimonial to respectability and the return of a big brigade of its members from a testimonial offensive that was, in many cases, a defensive "because our competitors are doing it."

On the way back home, these warriors may stop to note that the Federal Trade Commission has done just nothing to ban the publication of testimonials by actual users "for which money or other consideration has been given." It has simply ordered in the case in hand that "the said respondent shall publish or cause to be published, along with said advertisement, in an equally conspicuous manner, the fact that said testimonials have been paid for." They are free to make the most of this opportunity. But how effective is a testimonial, labelled "Paid"?

Advertising ► Commissions for Agencies Stand

THE case brought against the Advertising Association of America and four other associations by the Federal Trade Commission because of the 15% commission on advertising which is paid to recognized agencies but not to others has been dismissed. The dismissal is important.

The practice complained of is in operation widely throughout the publishing business. The publishers grant the same schedule rates to everyone without variation, but if an agency appears in the transaction it receives a commission from the publisher of 15% plus 2% for cash. Otherwise, the commission is not paid to anyone. On rate schedules it does not save any money for an advertiser to hire his own artists and advertising writers. If he does not use the services of an agency, the publisher just keeps the 15%.

The defendants were charged with unfair competition in violation of the Federal Trade Commission Act. They were called to account for alleged agree-

Inman Company Photo

AN OIL FIELD AT NIGHT

By its very nature, the oil industry is one that cannot slow down when dusk comes, for Old Mother Nature just keeps spoutin' away. Consequently, the fields are in operation 24 hours a day, forming spectacular splotches on the dim landscape. This one is in California

ments on a minimum rate of commission, the refusal of publishers' associations to recognize independent agencies who split the regular rates with their clients, and the apparent compulsion of advertisers to pay gross rates whether working through an agency or directly with the publisher. It was pointed out that the groups were powerful and might be able to exercise some control over publishers.

The respondents answered that their policy has been fixed for thirty years and that it is analogous to brokerage charges which have been upheld by the court. They contended that the advertising field has prospered under these rules and has played a leading part in the development of American industries. Combination to restrict trade was denied. Lack of jurisdiction was the direct cause of closing the case.

The importance of this decision lies in the fact that in effect it declares advertising—even national advertising—is not interstate commerce. The industry is free from the restrictions of the Federal anti-trust laws.

On the other hand, the decision is of importance to the individual states. They have certain control over companies doing purely local or intrastate business which they do not have over concerns within their borders which are engaged in interstate commerce. For instance they cannot tax or place any special burdens on interstate commerce according to the Constitution of the nation. But they can tax their home industries.

Distribution ► **Now Tea Will Be Boiled Down**

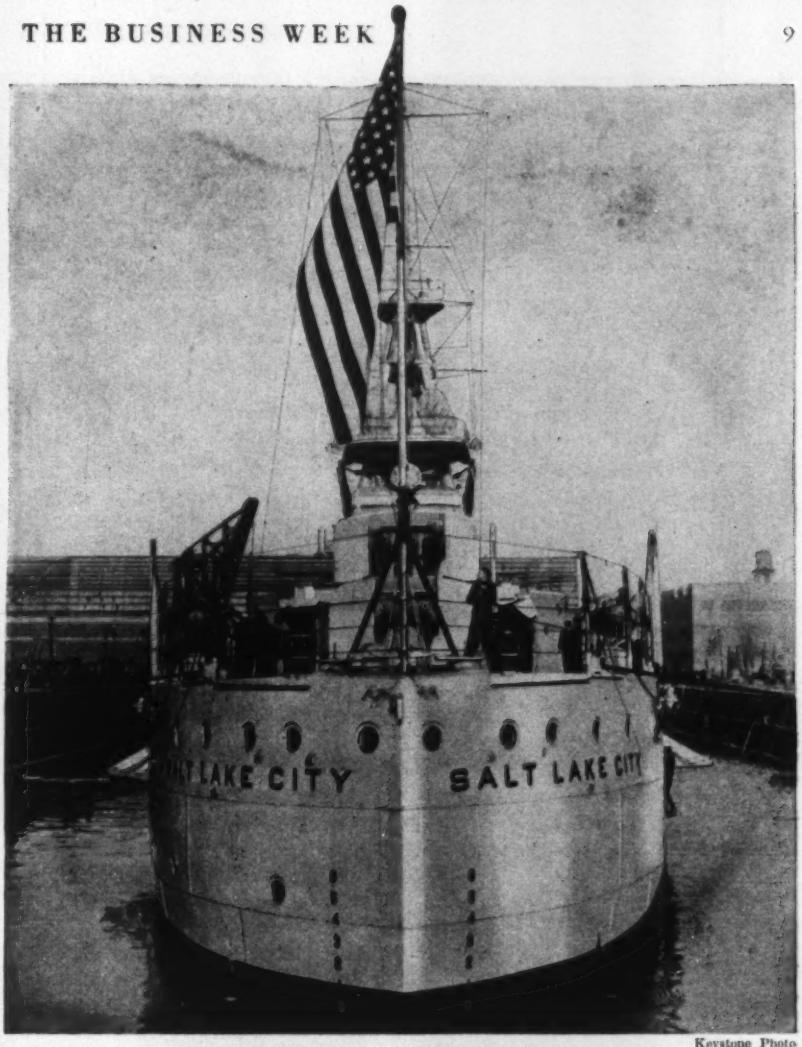
THE troubles—mainly over-production—which caused the collapse of the world coffee market have now come upon the tea growers. The India Tea Association, however, plans these restrictive measures in an effort to bolster the situation:

1. Gardens whose teas sold below an average of 34 cents a pound in 1926-7-8 (Sylhet, Doors and half of Assam), to restrict by 15% the average annual crop for those years.

2. Gardens whose teas sold in the same period below 38 cents a pound, but not below 34 cents, (almost all of Darjeeling and one-fourth of Assam) to restrict by 10%.

3. Gardens which sold at an average of 38 cents a pound or more (the remainder of Darjeeling), to restrict by 5%.

Somewhat similar restriction of supply was tried by both the rubber and coffee producers. Both failed.



Keystone Photo

WILL SHE BE SCRAPPED?

It's not likely, for she's brand-new, the U. S. S. Salt Lake City, first of the eight 10,000-ton cruisers authorized by Congress in 1924. She is ready for her maiden voyage, and will join the Atlantic Fleet at Guantanamo Bay late in March for fleet maneuvers

Distribution ► **Electric Refrigerators Prepare for Battle**

A HIGHLY competitive year looms ahead in the household electric refrigeration field. On February 1, Westinghouse brings out its first electric refrigerator, priced about the same as the General Electric refrigerator. The real battle of the giants in the mechanical refrigeration field is expected in April, after the Grigsby-Grunow Company brings out its electric refrigerator. Grigsby-Grunow has already made its "Majestic" radio the largest selling radio receiver on the market and is expected to make a strenuous effort to break all sales records with its refrigerator. Rumor has it that the price of the "Majestic" refrigerator will be about $100—considerably lower than others now manufactured.

Meanwhile the older electric refrigerator manufacturers have not been idle. General Electric has closed a very successful year. Frigidaire, with its General Motors traditions, is evidently adopting a "yearly model" plan. A "hydrator" to keep vegetables in proper condition is the 1930 feature in the Frigidaire models. Kelvinator has also announced new 1930 models, with "isothermic" tubes for fast freezing of cubes and desserts.

General Electric, Frigidaire, Kelvinator and their smaller competitors sold 630,000 household electric refrigerators last year, an increase of almost 35% over the year 1928. With the added competition of Westinghouse and the new "Majestic" refrigerator, 1930 should see electric refrigerator sales set a new high.

Underwood & Underwood Photo

SECRETARY MELLON GOES SOUTH

Sir Robert Horne, former Chancellor of the British Exchequer, now a member of Parliament, sees his old friend off for Bermuda on the steamer Fort St. George

Labor ►

Locomotive Engineers Sell Cleveland Bank

LESS than ten years after Warren S. Stone founded the Brotherhood of Locomotive Engineers Co-operative National Bank, and started the brotherhood on its disastrous financial career, the engineers will be out of the banking business in Cleveland.

Stone, a Rock Island engineer, became president of the brotherhood in 1903. By 1919 he concluded that the road to labor's advancement lay in controlling instruments of financial power.

Stone died in 1925 and the name of the Cleveland bank afterward became the Engineers National. The Citizens Bank & Trust Co. has been formed to buy and consolidate the Engineers bank, a separate savings and loan company, and a suburban bank which the Engineers brotherhood had controlled for a time.

The resources of the new company will approximate $23,000,000. At the height of Stone's administration, in the spring of 1925, the Cleveland bank's resources were $28,000,000, but they declined subsequently to $20,000,000. For a few years the bank paid a dividend to its savings depositors, in addition to interest.

In 1925 the engineers brotherhood controlled the following:

Cleveland bank, resources, $27,824,000.

Brotherhood Holding Co., incorporated for $1,000,000.

Brotherhood Investment Co., $10,000,000 capital paid in.

Brotherhood headquarters building, which cost $1,200,000.

Brotherhood branch bank building, which cost $1,400,000.

Brotherhood Bank building (then under construction) costing $6,600,000.

Banks in Minneapolis; Spokane, Ore.; Seattle, Tacoma, and Hillyard, Wash.; Birmingham, Ala.; Hammond, Ind.; San Francisco, Boston, Philadelphia and New York.

A minority stock interest in the Empire Trust Co., New York.

The Equitable building, New York, which cost the brotherhood $38,000,000.

Four regional securities and investment companies.

Coal River Collieries Co., West Virginia, a $2,800,000 coal mining property.

Individual members of the brotherhood owned the Hobart-Stone Co., a $250,000 mail order house in Cleveland, and the Park Lane Villa, a Cleveland apartment hotel which cost $2,600,000, and several smaller enterprises.

In the summer of 1925, after Stone's death, the brotherhood purchased 27,000 acres near Sarasota, Fla., with the original purpose of making a quick turn. After the collapse of the boom, the brotherhood decided to develop the property. In the 1927 convention of the brotherhood the money put into Florida was reported to have reached $14,524,000. This was furnished by the brotherhood, its controlled Brotherhood Investment Co., the sale of bonds and the sale of lots. Since 1927 other money has been put into Florida from time to time as operating expense. The Investment company's last statement carried its Florida receiveables at $7,190,275.

In the last three years the brotherhood has disposed of a number of its properties. The branch bank building in Cleveland was sold at a loss of $250,000. The Equitable building was sold at a profit of about $900,000. The Empire Trust stock was sold at a profit of $600,000. The Philadelphia bank was sold to the Mittens and the Birmingham, San Francisco, Spokane and New York banks to local capital.

The coal mining property, after its ruction with John L. Lewis of the United Mine Workers, and other difficulties, went into receivership. It is now being operated by the North American Coal Corporation, the Taplin company, which assumed the $500,000 bonds.

The brotherhood is still holding the Florida property and has considered a number of propositions for its disposal. The *Engineers' Journal* has recently been carrying letters from members suggesting that the Cleveland headquarters of

Underwood & Underwood Photo

FATHER OF TRUSTS

So Charles R. Flint, organizer or advisor for more than fifty industrial combinations, has been called for many years. He is 80 years old, but is still active in his Broad Street office

P. & A. Photo

LAVISH HOST

Maurice Tillier, managing director of the French Line, entertained royally in New York in honor of the rebuilt Paris. Now he has gone to the Pacific Coast to inaugurate the line's Pacific Coast-to-France service

the brotherhood be moved to the real estate development.

The E. H. Price Co., located in Sarasota, Fla., on Jan. 22 brought suit in the New York Federal court for $900,000 against the brotherhood. Claudius H. Huston, chairman of the Republican National Committee, and George T. Webb, formerly executive of the brotherhood enterprises, were also named as defendants by the Price Co., which claimed a 5% commission on the Venice development sponsored by the brotherhood.

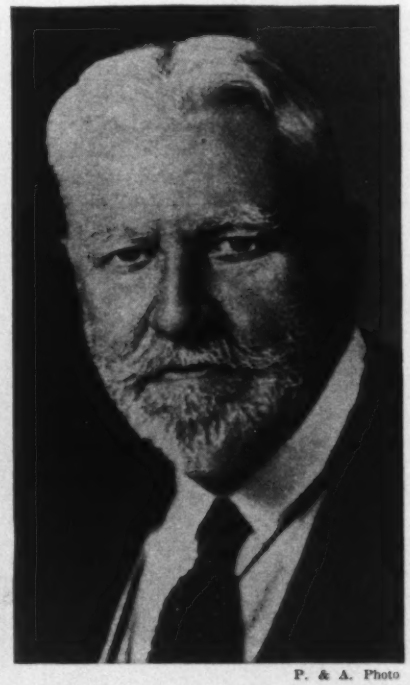
Huston had been president of the Brotherhood Management Corporation which undertook in the fall of 1927 to reorganize the brotherhood's enterprises, particularly the Florida real estate. Internal dissensions in the brotherhood prevented the corporation from carrying out an agreement with John McEntee Bowman for the operation of the real estate and the plan was dropped. Huston resigned from the presidency of the management corporation when he became chairman of the national Republican committee.

The engineers' brotherhood is still interested in several banks, most of them western. It has not undertaken any new financial ventures since 1927. For the past year its membership has been paying assessments to guarantee certain assets of the investment company and to make good other losses.

Advertising ► **French Line Shows How to Entertain**

"GUESTS—nearly 2,000 of them—proceeded along the heavily carpeted pier between rows of palms to the gangway. . . . Two orchestras played for dancing on the new glass floor, lighted from below. . . . Artists on the concert program included Harold Bauer, Anna Case, Giovanni Martinelli. . . . No less popular were Irene Bordoni, Maurice Chevalier, Jack Donahue."

Not reported by the press in connection with this lavish entertainment—reintroducing to the traveling public the French Line's *Paris*—were these facts: special 10-Pullman train from the West bringing guests to the party; *de luxe* train diner service especially managed—*menu extraordinaire;* first-class hotel accommodations at the port—and all provided free by the steamship line. In short, entertainment with all the *éclat* of a débutante party, all the *savoir faire* of long experience. It was first class publicity *finesse*. The guests were wealthy travelers who can afford a *de luxe* six-room apartment on an ocean voyage, who can buy the best of everything. Also the Line's agents, such as inland bankers.



P. & A. Photo

HIGHER PHONE RATES?

They don't worry this New York business man, Roland M. Smythe, former Stock Exchange member. Forty years ago he decided that a telephone interfered with his work. He had his removed and hasn't had one installed since

Keystone View Photo

PIONEER FLYER

Henri Farman, who flew 1,000 metres in an airplane in the Paris Aerodrome in 1908, snapshotted at the dedication of a monument commemorating the flight

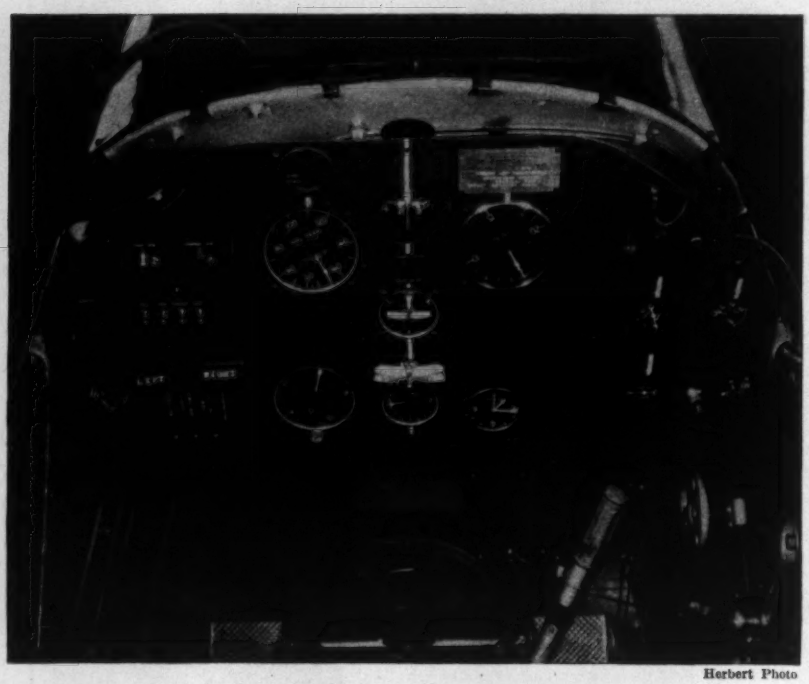
Harassed managers of many an American business turned a bit pale when they read of it. A luxury age demands luxury advertising, but sales costs already are high. How much entertainment expense is enough?

French thrift is proverbial. The French Line obviously considered this lavish outlay good, revenue-producing business.

Distribution ► **Why Pay Freight On Sawdust?**

THE progress of woodworking industries in the United States depends largely on the use of small-dimension stock, according to Axel H. Oxholm, Director of the National Committee on Wood Utilization.

At present, low-grade lumber is transported great distances to the points of consumption and there cut into smaller sizes. The committee is urging the use of small dimension stock cut at the saw mills to save payment of freight on waste materials.



Herbert Photo

AN AVIATOR MUST KNOW THESE GADGETS

Not the control board of Niagara's power plant, but the instrument board on Boeing's newest mail planes, devised to expedite night flying of the mails over the country's 12,500 miles of lighted airways. Electrical control equipment is on the left section of the board, flight instruments are in the centre, and engine gauges are on the right

Aviation ► **Public Responds to "Sacrifice Rates"**

LOWER rates have brought greatly increased business to passenger air lines, operators report. If they bring a deficit at the same time, the transport companies will grin and bear it in the hope of making it up later on.

Southwest Air Fast Express, which made the original reduction January 1, reports an increase of 300% in traffic. To handle the added demand for service, the company has ordered 6 additional tri-motored transports, giving it 15 multi-engined ships and 6 with single engines. A feature of the reduction noted by 10 S. A. F. E. officials is the heavy Saturday and Sunday travel, indicating that the public is making week-end air excursions.

T. A. T.-Maddux, which has a rate comparable to railroad-plus-Pullman fare, reports a like condition. Planes, which formerly carried a 50% load, or less, now average a 95% load. In five days the company carried 230 passengers, breaking all its records.

Universal Airlines join in the optimistic report. An immediate increase in traffic followed the fare reduction by this company. The demand was so great at Chicago on several recent days that applications for reservations had to be

Advertising ► **Atlanta Satisfied Advertising Pays**

DOES community advertising pay? The experience of Atlanta proves that if intelligently undertaken it does. The proof is to be found in the report of the Forward Atlanta Committee, which has just concluded a four-year advertising campaign that produced 46,217 inquiries, brought 679 new industries to the Georgia metropolis, added about $30,000,000 to the city's annual payroll, and in general business prosperity and expansion helped Atlanta ahead.

The Forward Atlanta Committee, largely under the direction of William Candler, Ivan Allen, and W. R. C. Smith, selected publications through which they could reach industrialists and business men with the power to make decisions, or whose influence was valuable. The advertising was written with this in view. Specific industries were approached through their own media and direct mail.

"The effectiveness of the advertising was recognized from the start," says the report. "During the year 1926, 169 new concerns came to Atlanta—bringing with them payrolls of $7,723,750 and employment to more than 4,909 people. This was more than twice the growth in payroll the city had experienced in any previous year. . . . Advertising has definitely put money in the pockets of Atlanta's citizens."

Wide World Photo

THAWING OUT THE FIRE PLUGS

It's necessary in Quebec, where the temperature sometimes drops to thirty below zero. This apparatus answers all fire alarms and makes water available for the hose companies by sending live steam under pressure to the bottom of the hydrant

turned down. The single-engined, 6-passenger ships of the St. Louis-Chicago line are to be replaced by 14-passenger transports.

Distributing organizations are taking advantage of the new rate to send their sales representatives by air, and to treat their out-of-town customers. One local electrical concern recently brought 25 guests to an annual dinner at St. Louis by plane.

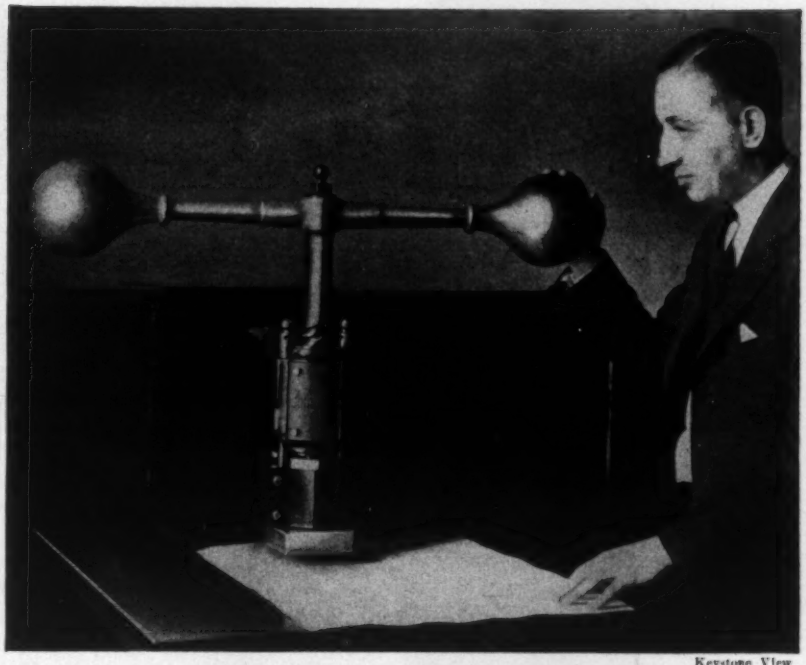
Although the lower rate apparently is popular with the public, the fact remains that present operating costs leave the operators a deficit. They count on the development of more efficient engines and less costly fuel to correct this condition later on.

Management ► **Training School For Executives**

MONTGOMERY WARD AND COMPANY is supplying a new president for the company from which it gained two. On February 1, Albert S. Scott, first vice-president, secretary and treasurer, leaves Ward to become president of National Bellas Hess, mail order system and retail chain specializing in dry goods and wearing apparel.

From National Cloak & Suit Company, now merged into National Bellas Hess, Montgomery Ward and Company got its last two presidents, one directly, one indirectly. Theodore F. Merseles, after 18 years' service with National, was elected president of Montgomery Ward and Company in the dark days of 1921. He put the concern back on its feet. He brought along George B. Everitt, a former department head of his, who had left National Cloak & Suit in 1916, to serve successively as an executive of Encyclopedia Britannica Corporation, American International and European Textile Corporation. When Morgan interests transferred Mr. Merseles to the presidency of Johns-Manville in 1927, Mr. Everitt succeeded him as president. Mr. Scott also came over from National to become Ward's comptroller under Merseles.

Montgomery Ward and Company helped train its biggest competitor's president, too. Robert E. Wood, one-time Panama Canal quartermaster, acting quartermaster general in 1918-19, served as vice-president and merchandise manager of Montgomery Ward and Company, 1919-24. He then went over to Sears Roebuck and Company to take charge of factories and retailing. Upon the death of Charles M. Kittle, Sears' railroad-trained president, January 2, 1928, General Wood succeeded to the presidency.



Keystone View

THIS PUNCHED YOUR PASSPORT

The Great Seal of the United States, which is impressed upon all treaties, Presidential proclamations, and other governmental documents. The law charges the Secretary of State with its custody but he can give others in his department authority to use it on the proper occasions

Distribution ► **Seaboard Cities Want to be Made Free Ports**

SEABOARD cities will make a determined effort through their Senators and Representatives to amend the tariff bill so as to authorize the creation of free ports, or free-trade zones. Senator Randsdell of Louisiana and Representative O'Connor of New Orleans will father the amendment. They will try to get it from the Senate; if they cannot, they will try to get it in conference.

A free port, as Representative O'Connor explained in a recent speech to the House, is merely a restricted zone within which goods for reexport may be landed without tariff formalities. True, goods for transshipment can now be stored in a bonded warehouse without payment of duties, but the procedure under this arrangement is necessarily a complicated one.

Consignment, reexport and transshipment trade of the United States is remarkably small, as the Department of Commerce long has pointed out. For this reason the department several times has endorsed in principle, attempts to persuade Congress to authorize free-trade zones. No one really expects any American port to rival Hamburg and the other great free-trade ports of Europe. Yet it is believed an important volume of business can be developed, once the door is opened.

New Orleans is particularly interested, believing a free-trade zone there will stimulate manufacturing. Raw material would enter, be fabricated or processed, packaged, reexported, all without customs red tape that now is a serious deterrent. The Crescent City sees large business possibilities in this.

Trade specialists, however, believe the building up of a reconsignment business is apt to prove more important in the long run. It works that way in Europe. Many grades of many commodities—raw materials, semi-manufactured goods, finished products—are sent to European free ports in quantities large enough to get low ocean freight rates. To the reconsignment markets buyers repair, purchasing the smaller lots they require. They like the advantage of immediate delivery. They like also the opportunity of inspecting goods on actual display, and the auctions that are a feature of the business.

Grades and commodities not suitable can be shipped to another market without customs formalities and disposed of there.

P. & A. Photo

MEASURED AND FOUND WANTING

All of these weights and measures are illegal, but none was designed to give the consumer the better of a bargain. They were confiscated over a period of five years by the authorities of Bayonne, N. J.

Production ► Silk-Producing Countries Bolster Rayon Industry

RAYON is still the infant prodigy of textile fibres, "infant" because it reckons its past in years instead of centuries, and "prodigy" because it withstood two market crises in 1929 and yet closed the year with a new record for production and consumption.

The domestic output of rayon last year was 123,130,000 lbs., an increase of 26% over 1928, *Textile World* reveals. Actual records of a group of firms responsible for 82% of the domestic output show sales amounting to 97% of production. The use of this percentage as a factor for the entire industry would indicate a carry-over of a little more than 3,500,000 lbs. which is regarded as a normal stock on today's productive basis.

World production exceeded expectations with a total of 404,155,000 lbs. compared with 344,550,000 lbs. in 1928. The increase is due almost entirely to enlarged output in Europe where it was expected the over-production crisis at the end of 1928 would have a slowing-down effect. The fundamental cause of the increased production is the added consumption in Eastern countries, particularly in silk-producing China and Japan, while the steady importation by the United States (16,000,000 lbs. in 1929) has allowed European producers to preserve a slightly more satisfactory state of affairs.

The world rayon industry, especially in Europe, is now in such a position that no one is willing to express decided views regarding its immediate future. General indications are that the industry is slowly emerging from its troubles and that, with better prices, some measure of prosperity will return. It is well understood in Europe that the old profit margin will never be regained and producers look for larger consumption to compensate for this. With rayon at a lower price level, there are indications that consumption will continue to increase, although 1930 may be expected to be a period of reconstruction.

Production ► New Code to Stop Holes in Old One

A COMMITTEE of the Steel Founders' Society of America is working on a standard code of trade customs for the industry. The organization has had an unsatisfactory and not widely accepted code which has failed to eliminate confusion in relations between foundry and customer. Present practices vary widely in different sections of the country, even in the same district; frequently, in the relations of a single foundry with different customers.

The new code will answer such questions as: Shall quotations include pattern-making cost if no patterns are available? Who shall pay the cost of packing and transportation of patterns in either direction? How long shall foundries offer storage for patterns after last order is completed? Who shall pay for pattern repairs while in process at foundry?

The committee will study existing codes and attempt to revise and correlate them into one which will be satisfactory and can be enforced. Activities of the committee will be tied in with the general movement to establish trade practice codes for the entire foundry industry.

Automotive ► Engineers Debate Front-Wheel Drive

SEVERAL hundred automotive engineers and production men found themselves able to discuss their joint problems last week without signs that they recalled the over-production of 1929, the stock market crash or the pessimistic forecasts which have been made for 1930 business. Gathered at the annual meeting of the Society of Automotive Engineers in Detroit, they were discovered to be optimistic about 1930 business, interested in the promise of new production and technical developments.

Possibly of major general interest was a session devoted to front-wheel drive cars. After proponents had their say, representatives of many automobile companies expressed varying degrees of skepticism as to the inherent advantages of the front-wheel drive. Since this is the attitude usually shown toward every new automotive development, it added nothing to our knowledge of the ultimate possibilities of front drives. With three types now on the market, the public has a chance to render its verdict. If it is favorable, the technical objections of engineers will amount to just nothing.

Satisfactory as the present motor car is, there still is a long road to travel before even approximate perfection is obtained, according to engineers addressing the technical sessions. Such problems as vapor lock, detonation, mixture distribution, carburetion, riding comfort, body designs and others were once more brought to the fore, but none has yet been solved to everybody's satisfaction. The amount of research being conducted in automotive laboratories assures continued progress.

Distribution ► **New Guides to Better Marketing**

THE biggest problem of the next few years, Julius Klein tells us, is to save the $8,000,000,000 or more being wasted annually in distribution. The loss is real. The question each business man might well ask is: How much of this $8,000,000,000 is my money?

To answer this question and to assist in the big problem of increasing distribution efficiency, new publications are being launched.

Food Distribution starts in February, fathered by the *National Provisioner*, journal of the packing industry. Paul W. Aldrich is president. E. L. Rhoades, a University of Chicago professor, becomes editor. The magazine owes its existence, its sponsors state, to the fact that meat markets, groceries, fruit and vegetable stores tend more and more to be merged into the one great industry of food distribution, the same trend that is prompting packers to petition for a modification of the consent decree.

First issue of *Advertising Age*, a weekly publication telling the news of distribution's great sales arm, is appearing this month. Publisher is G. D. Crain, Jr., of *Class & Industrial Marketing*, president, National Conference of Business Paper Editors.

Other distribution papers in specialized fields are appearing. From McGraw-Hill's *Engineering and Mining Journal* has come *Metal and Mineral Markets*, started on January 2. From *Architectural Forum*, *Building Age*, and associated papers came *Building Material Marketing*, first issue in November.

Generally speaking, the field of distribution is not as thoroughly covered by trade publications as is the field of production. Production buys machinery and tangible commodities. Distribution buys more largely of services. It was once thought that tangible commodities are more advertisable than services, but this idea is being discarded.

The fact that the American Warehousemen's Association is soon to launch its first campaign of nation-wide cooperative advertising, planned for three years, is a straw which indicates how the wind is blowing.

International Newsreel Photo

GOES INTO PLOWSHARES

Russia's largest bell weighed 4,000 pounds and tolled for years in the Sergiev Monastery. It was recently taken down to be made into agricultural implements

Agriculture ► **More Texas Wheat, More Elevators**

GROWING importance of Texas as a grain-producing state is reflected in the action of the Kimbell Milling Company of Fort Worth, ordering construction of a million-bushel addition to its storage plant. The new elevator will give the company 3,000,000-bushel capacity and increase Fort Worth's grain storage to 11,000,000 bushels.

Fort Worth already stood third in grain storage in the entire United States, but its facilities were taxed late in 1929, in part by the Gulf ports embargo.

Kay Kimbell, head of the company, said:

"We believe the 1930 wheat crop in Texas will set a new record and that within a few years Texas will be second only to Kansas in wheat production, the vast prairie tracts of the Panhandle being thickly settled with wheat farmers. That is why we are plowing capital back into development of our plants over Texas each year."

The Kimbell Company, which is interested in three Texas flour mills, a feed manufacturing plant, and shipping point elevators scattered over the Oklahoma and Texas grain belt, in addition to its Fort Worth elevators, is one of the largest wheat exporters in the Southwest and perhaps the largest operator in maize and kaffir to be found anywhere in the entire world.

During the crop year of 1928-29 the company handled 9,200 of the 35,000 cars of grain received on the Fort Worth market, and during the first six months of the 1929-30 crop year handled 6,000 cars.

A RAILROAD GOES TO SEA

The motorship Belpareil leaving the docks of the Baldwin Locomotive Works, at Eddystone, Pa., loaded with seventeen completely assembled locomotives for the Chilean State Railways, and thirty American Car & Foundry passenger cars for a Colombian line

Wide World Photo

ARE THE METERS STILL CLICKING?

The Yellow Cab Company recently chose a very rapid and efficient method of getting rid of its obsolete and worthless old taxicabs. More than a hundred machines were drenched with kerosene and set on fire, after each cab had travelled more than 300,000 miles

Radio ► Congress Steps Into Fight On R. C. A. Patent Rights

THE Senate Interstate Commerce Committee asked the Department of Justice this week how its investigation of the Radio Corporation of America was progressing.

This action is one more step in the war on radio monopoly. A long campaign has been waged by the Radio Protective Association, an organization of "independent" radio manufacturers trying to break R. C. A.'s grip. The Radio Corporation on its side takes the simple position that patents are by their very definition, a monopoly.

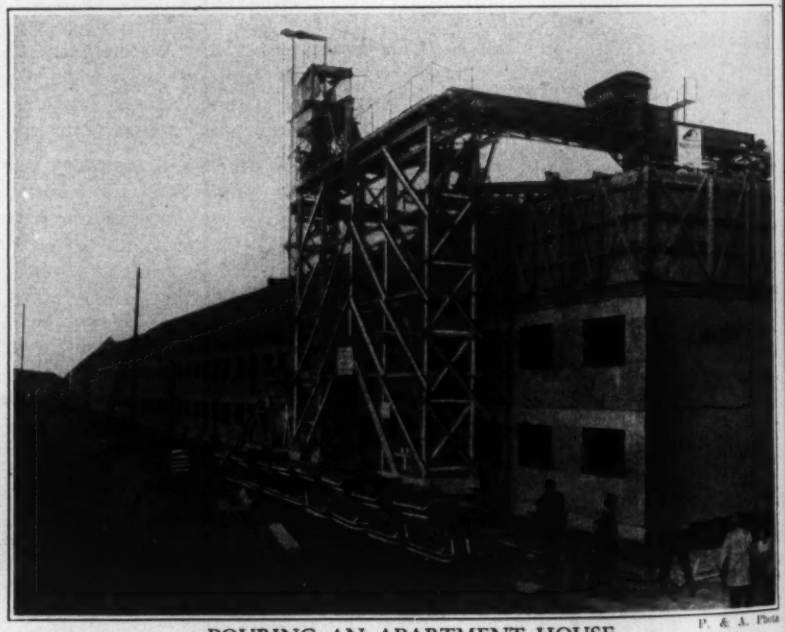
Much testimony for and against extension of patent rights into the field of related manufacturing and merchandising policies has been spread upon the committee's records in the past five weeks.

Among those whose opinions can be construed as against too broad an interpretation of R. C. A. rights were: Newcomb Carlton, president of the Western Union; B. J. Grigsby, president of the Grigsby-Grunow Company; E. W. Stone, president of the Federal Telegraph Company; LeRoi J. Williams, chairman of the patents committee, Radio Manufacturers' Association and Oswald F. Schuette, secretary of the Radio Protective Association.

Not only is there complaint at the radio patent situation, which will be somewhat appeased by the Interstate Commerce Committee's activity, but stronger opposition is now developing to the proposal that Congress rescind that clause in the White law which prohibits radio and cable companies from common ownership. Amendment of the clause would let down the bars for transfer to the Radio Corporation of America's trans-oceanic service to the International Telephone & Telegraph Company.

Machinery ► Plan Replacement Sales to Europe

FEELING that a huge volume of Europe's metal-working machinery is on the verge of obsolescence, American machinery manufacturers plan more intensive cultivation of the export field. Heretofore, American machinery has been left to "sell itself" abroad, it is felt, and adequate constructive salesmanship is needed. American machinery is twice as costly as the German. British exports similarly command very low prices.



P. & A. Photo

POURING AN APARTMENT HOUSE

A German contractor devised this traveling plant that moves on a track, "pouring" as it goes. The new process enabled builders to complete 500 apartments, with all modern conveniences, in three months. Walls are moulded in transportable wooden forms which are set up on the spot

Steel ► Eaton Reaches Out for Colorado Fuel & Iron

CYRUS S. EATON this week sent a Pullman carload of technical advisors to Pueblo, Colo., to put a definite cash appraisal upon the steel works of the Colorado Fuel & Iron Co., largest steel unit west of the Mississippi. The steel world takes this to mean that the deal is through; that the Rockefellers relinquish a property which never has brought them much satisfaction; that Eaton's great new steel merger will become this much the greater.

Steel men sense that Eaton plans envision a great combination, rivalling Bethlehem for position as second to U. S. Steel. It may, if half his ambitions are fulfilled, far overtop Bethlehem.

Wall Street has been busy trying to solve the mystery of what house is the New York sponsor. It has reached the conclusion, somewhat reluctantly, that there is none; that Eaton—Otis, the Van Sweringens, the Mathers—(all of Cleveland)—can and do swing their gigantic deals on their own. They control a group of investment companies that command perhaps $100,000,000, and have personal fortunes impressive even to the Street.

Colorado Fuel & Iron declared a dividend this week, an occasion rare enough to call for remark. Ever since its rough beginnings, the property has made trouble for owners.

Quite innocently did the Rockefellers buy into the show. Came strikes, race flame-ups, the Battle of Hogback Hill, the Attack on Chandler, the final horrible Tragedy of Ludlow, where on April 20, 1914, eleven children and two women died during a pitched battle in the tent colony into which the home-expelled miners and their wretched families had been dumped. For months Rockefellerian humanity and sociology, represented frequently by John D. Jr. himself, endeavor heroically to reason impassioned men into a decent justice, and usually to no avail. Investigation wore out investigation, mass hatred vented its blasts upon a momentarily unpopular capitalism, and with all this, and to boot, the works did not pay!

Shipping ► Say White Star Is Up for Sale

By Special Cable to The Business Week

THE Royal Mail Steam Packet Company, key company of the Lord Kyslant group which controls about one-sixth of the British merchant marine through some 20 associated companies, is reported to be negotiating a sale to Furness-Withy & Company, Ltd., of its controlling but not yet fully paid up interest in the White Star Line.

The negotiations with Furness-Withy, taken in conjunction with Royal Mail's action in passing of December semi-annual dividends, are interpreted as indicating that the company is pressed to pay up its interest in White Star and repay bank loans it has contracted, notably trade facility loans for the construction of its fleet of meat transports..

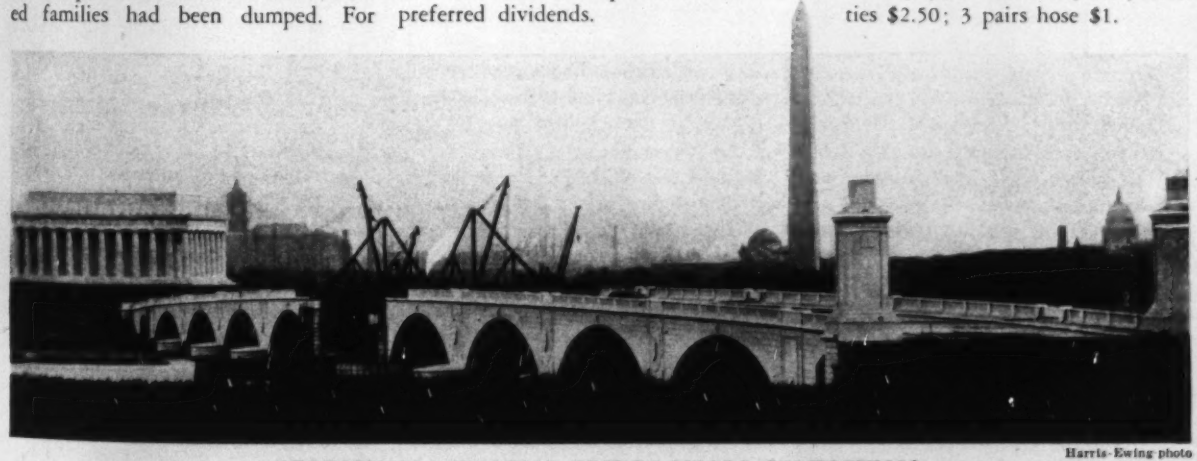
Uneasiness about the condition of Royal Mail, evident since last June, persists despite Lord Kyslant's December statement that the Price-Waterhouse audit had shown a group aggregate profit for 1928 amounting to $17,000,000 after allowing debenture interest but not fleet depreciation or preferred dividends.

Wide World Photo

CHARLES F. SCOTT

Professor of Electrical Engineering at Yale, awarded the Edison Medal by the American Institute of Electrical Engineers, for achievement

SALE of men's furnishings in packages at prices advertised as special values is being tried by Browning, King & Co., chain retailers. The articles—shirts, union suits, ties, hose—are grouped three in a box and sold in the unbroken package under the name Tri-Value. The company says this plan gives the customer some of the savings of wholesale selling. Typical prices on the assortments are: Three shirts $4; 3 union suits $2.25; three ties $2.50; 3 pairs hose $1.



Harris-Ewing photo

ARLINGTON MEMORIAL BRIDGE NEARS COMPLETION

P. & A. Photo

AHEAD OF THE RUSH

This will soon be the scene of much wild scrambling among New Yorkers. It is the Bridge Plaza (Brooklyn) station of the new Eighth Avenue subway. The gentlemen are not early passengers, but members of the American Society of Civil Engineers on a tour of inspection

Government ►

Tax Reform One Cause of Chicago's Plight

"IN spite of all the talk, Chicago is not broke," a Chicago business leader tells THE BUSINESS WEEK.

"The city's lack of funds right now is proof that one main cause of much past misgovernment is being removed. An antiquated and unfair system of real estate assessment, a breeder of graft and favoritism, has been done away with. Everybody knew that it would take a while to get the new system going.

"Trouble will be ironed out in time and Chicago's finances will then be permanently on a sounder basis. Legal permission to refund the floating debt will be sought. The city can then go ahead on a cash basis."

Chicago's last taxes collected were for the year 1927. Pending adjustment of reassessments, all taxes for the calendar years of 1928 and 1929 are held up. The immediate question is: Who will buy the tax anticipation warrants against taxes for 1930, collectible early in 1931? The banks already have all they want. Other buyers are not eager.

While payrolls have been delayed, Chicago business has suffered little as yet. Insurance underwriters have discussed increasing fire rates if fire protection were reduced as a forced economy. This has not happened. If interest on city bonds were to be defaulted it would be from two to 25 years before Chicago securities would again be legal trust fund investments in various states. This has not happened either. Concerns that sell supplies, notably those selling coal to the schools, are worried, just as any business man is worried when a big cash customer threatens to slip into the "Good, but slow," class.

Because city officials are now worrying about their own pay checks business men asked to come to their rescue are in a position to dictate, "to put the screws on." It looks as if business will have more to say about government in Chicago than it has had for a long time. A great deal of economizing can be done. The sanitary district, for example, has already had its housecleaning. It reduced its payroll from 4800 to about 1500 jobs.

Banking ►

Bank of England To Aid Industry

By Special Cable to The Business Week

BUSINESS and industry in Great Britain received this week the encouraging news that funds badly needed for rationalization and hitherto lacking are now to be made available. The Bank of England has deserted its position of extreme conservatism and is ready to extend the long-sought financial aid. Incidentally, the Labor government has achieved a considerable triumph.

Everybody in Britain admits that its industries must be modernized before they can go ahead. "But," said industry, "we can't afford it and we can't finance it." Three weeks ago, J. H. Thomas, Cabinet Minister, told business men in Manchester that the banks would help them. The business men were skeptical.

This week they were convinced. The Bank of England has subscribed about $2,500,000 to enable industries to buy new machinery and equipment on the instalment plan. It has taken shares in the United Dominions Trust, Ltd., which, in 1929, did a $15,000,000 business of this kind, with less than 1/10% bad debts. The Bank also is sponsoring the Securities Management Trust, which will promote business reorganizations and provide temporary financing.

The Bank's action is a daring departure from custom. Instalment buying is held in ill-repute in many high financial circles in London, just as in the United States, but is being carried on quite successfully with very small losses. The five huge banks, which are the English system, undoubtedly will follow the lead.

The Bank of England had already done much to help British industry. In 1929, its gold reserves dropped below the minimum. The Bank stood fast for months. Finally, the rate was raised, but it was reduced three successive times immediately the tide turned.

Labor ►

Union Courts Created to Decide Jurisdictions

ACTION to end jurisdictional disputes in the building industry was taken at the meeting of the American Federation of Labor in Tampa, this week. Arguments among building trade unions as to whether lathers or plasterers should apply wall board have cost millions.

The A. F. of L. in cooperation with the National Association of Building Trades Employers is to work out a system of courts to decide such questions. Appeal to regional boards and to a supreme tribunal is provided.

What the Figures Show

LATEST week's figures show continued increase in basic industrial activity, somewhat more rapid than had been expected. Freight movement and general trade, however, are lagging somewhat, under the retarding influence of sagging prices and hesitancy in forward buying. Rising employment is an unusual and favorable sign of an early increase in general trade.

Steel mill activity made a further surprisingly sharp gain of over 6% for the latest week, the average for the industry rising from 69% of capacity to 74%, as compared with 84% a year ago. The seasonal movement toward a March peak is evidently going forward rapidly. The Steel Corporation is up from 72% to 77% and independents are averaging around 70%. Activity in Chicago and the Middle West districts is rising strongly under the stimulus of sharply increased automotive steel demand. Automobile producers have enlarged February schedules. Rail and structural steel activity continues strong. Structural awards doubled in the latest week, and inquiries were large.

UNDER the stimulus chiefly of increasing automobile production, official government figures show a marked and general increase of employment in the second week of January. All geographic divisions and all except three or four industries showed an increase of employment over the beginning of the year. The increase was most marked in automobiles, iron and steel, textiles, leather, lumber and tobacco.

THE daily average of general building contracts for the week is below the preceding week and a year ago. Heavy engineering contract awards, according to *Engineering News-Record* figures for the week ended January 30, are about on a par with the preceding week and only slightly below last year.

FIGURES OF THE WEEK

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	74	69	84
Building Contracts (F. W. Dodge, daily average in thousands)	$ 9,548	$14,162	$17,592
Bituminous Coal (daily average, 1,000 tons)	* 1,777	‡ 1,861	1,948
Petroleum (daily average, 1,000 bbls.)	2,616	2,662	2,663
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	141	144	155
Check Payments (outside N. Y. City, millions)	$ 5,637	$ 5,699	$ 6,273
Wheat Receipts (1,000 bushels)	4,124	4,591	4,199
Cotton Receipts (1,000 bales)	163	194	259
Cattle Receipts (1,000 head)	* 158	‡ 192	159
Hog Receipts (1,000 head)	* 727	‡ 712	769
Wool Receipts (1,000 lbs.)	1,971	2,990	5,507
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.18	$ 1.18	$ 1.19
Cotton (middling, New York, lb.)	$ .174	$ .174	$ .203
Iron and Steel (composite, ton)	$35.24	$35.36	$36.25
Copper (electrolytic, lb.)	$ .178	$ .178	$ .166
All Commodities (Fisher's Index, 1926-100)	93.7	93.2	97.8
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,688	‡$16,838	$16,060
Commercial Loans, Federal Reserve member banks (millions)	$ 8,974	‡$9,005	$ 8,702
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,345	$ 3,341	$ 5,559
Federal Reserve System Ratio	78.3	76.3	69.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	14,468	13,020	27,436
Stock Prices (N. Y. Times, average 50 stocks)	$209.40	$206.89	$238.71
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$42,990	$46,691	$53,057
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.80	$ 94.13	$ 96.05
Interest Rates—Call Loans (daily average)	4.5%	4.5%	6%
Interest Rates—Time Loans (daily average)	4¼%	4⅜-4¼%	7¼%
Business Failures (Dun, number)	644	638	521

* Preliminary
‡ Revised

Weekly figures of building contract awards are now strongly affected by large individual projects from week to week. In order to minimize these fluctuations and indicate the trend of building activity more accurately the figures of building contract awards shown in the table will be presented hereafter as a daily average of a four weeks' period including the latest week.

Bituminous coal production and petroleum output are running lower than in the preceding week and than last year.

PRICE averages for the latest week were fairly steady, although wheat and cotton showed sharp declines in the latter part of the last week in January. It is clear that efforts to maintain wheat prices in face of continued slackness of export demand have failed. The week's average is practically at last year's level, and the price has been sagging below the Farm Board buying figure in Minneapolis. Weakness of export demand is shown by the fact that grain exports during the week ended January 25 were less than half the figures for the

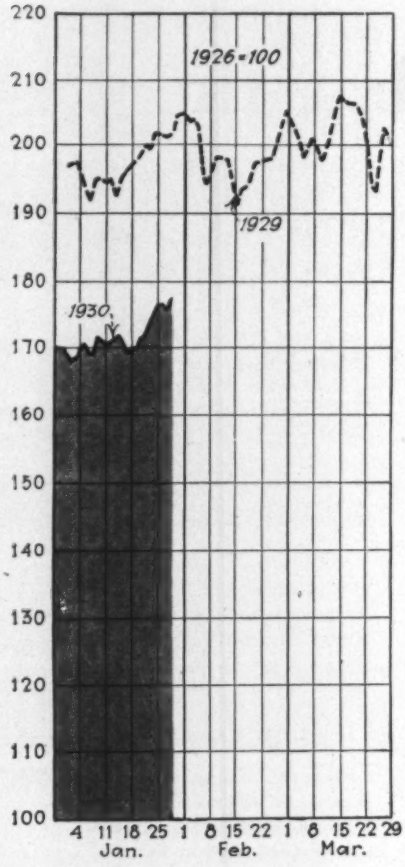
corresponding week of 1929. Total wheat exports for the year were over 6 million bushels below 1928 and more than 78 million bushels below 1927. Though the cotton price average was steady, selling movements during the week carried spot prices below the Farm Board's figures.

Both iron and steel prices continued to weaken, but the scrap market is steady. The copper price still holds. Fisher's all-commodity index is up again for the week fairly strongly, and the National Fertilizer Association index also strengthened.

The trade indicators are still feeble but show no further weakening. Carloadings are following fairly closely their course in the early weeks of 1928. Bank debits, outside of stock trading cities, are also at early 1928 levels and about 6% below last year.

The number of business failures continues to rise.

December figures on wholesale trade show where business hesitancy was centered. December wholesale trade declined nearly 17% under November and 5% below the year before. The decline was most marked in dry goods, men's clothing, boots and shoes and furniture.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

season in 1927 or 1928. Member banks have reduced their indebtedness very sharply.

The Market

STOCK prices were strong this week. Many issues sold at their highest prices since the panic. Liquidation was encountered in considerable volume and the averages stopped just short of breaking through for a new high. Leading stocks have gained from 7 to 14 points from their lows of January during the past two weeks' advance.

Liquidation increased as prices rose. The volume of selling which overhangs the market is proved to be large. Many operators with a few points profit are ready to get out. The rise enables brokers and banks to sell securities held for customers on margin and get out even. A huge amount of such selling remains to be absorbed before the market can make a general and broad advance.

Bond prices were soft and at levels as low as any reached since their recovery following the panic. Sales by banks of other than government securities and extreme hesitancy on the part of investors are the chief unfavorable influences. The wish for a rising market still fails to bring about the result sought.

Brokers' loans increased $4,000,000. The change was nominal, but in accord with the trend of stock prices. Borrowings of New York banks from the Reserve were cut further, and total only $20,000,000.

Liquidation of bank credit continued. Total Reserve credit outstanding was off $68,000,000 in the week. Note circulation also decreased. The ratio went up to 78.3%, highest since early 1927, or in three years. Discounts at Reserve now total only $406,000,000.

Gold came into the United States again this week for the first time since the stock market break and the downward revision of interest rates. More than $5,000,000 arrived from Brazil, while the total of earmarked metal dropped by $2,500,000.

Open market money rates remained unchanged in the week except for a slight marking up of longer maturity time loans. The supply of acceptances coming into the market was small, but rates held firm. Call money tended to the 4% level.

France Alone Cuts Discount Rate

THE Bank of France cut its discount rate from 3½% to 3% and its rate on loans from 5% to 4½%.

Forces moved against the expected Bank of England discount rate decrease to 4½%.

The Federal Reserve dallied.

Peculiar factors and numerous cross-currents operate on the central banks. The French position alone is clear. France's largest gold reserve on record brought the rate down. "Excellence of the French economic situation," the bank said, and added: "This is in the interests of French commerce and industry and will permit French business men to take advantage of the vast amount of ready money in the French market."

The Bank of England lost gold this week as foreign exchanges moved against sterling. The trend is unseasonal and unusual. Both Germany and France are taking gold, while the flow from New York has definitely stopped for the time being. Short-term financing, unwanted, would be attracted by lower rates. Short-term funds, desired, might be driven away. But open market rates are 1% below bank rate, indicating a cut and business needs a lower rate. The bank's ratio is the highest in months and gold of £150,000,000 is at minimum. Sir Montagu Norman and associates find themselves in a dilemma.

The Federal Reserve is suspicious of a rising stock market and fears to boost business artificially, though more funds are needed in the recovery. Liquidation of bank credit is proceeding. The Reserve ratio is highest in three years but, even in open market operations, the system is extremely passive. Money rates are generally higher than for the same

Are Stocks High or Low?

THERE are several indexes of stock prices based on averages or combinations of prices of varying numbers of selected stocks. These are all good so far as they go, and probably most of the time. But they usually include the most popular stocks, or those which are most actively traded in, and at times the average of the prices of these stocks does not accurately represent what is happening to the prices of the whole body of stocks listed on the Exchange. Since they are computed at frequent intervals, they are very helpful in estimating what stock prices are doing from day to day or from week to week, but sometimes they may be misleading as to the trend of general security price levels over a longer period of time.

This is illustrated in the chart on this page. The chart compares the movement of two of the best indexes of stock prices from 1925 up to the beginning of this year. The Standard Statistics Company's index, represented by the dotted line, is undoubtedly the broadest and best of the stock price indexes based on a selection of a number of representative stocks. It includes 405 stocks and is computed weekly. It takes account of the stock split-ups and is weighted by the number of outstanding shares of each stock. Probably no better measure of weekly changes in stock prices based on any selection of stocks could be devised.

The other index, shown in the solid line, is computed by the New York Stock Exchange itself, but only once a month. It represents the average price of all listed stocks on the Exchange, as of the first of each month, and is computed by dividing the total value of all outstanding shares of these listed stocks by the number of shares outstanding, with corrections for the changes in the number of shares due to stock split-ups and stock dividends. The number of stocks listed is constantly increasing, of course, but on January 1, 1930, the index represented the average price of 1,297 stocks, of which there were 1,127,682,468 shares outstanding with a total value of $64,707,878,131.

It will be seen that the two indexes ran fairly closely parallel with one another throughout the four years from 1925 up to 1929, the selected stocks in the Standard Statistics index rising slightly more rapidly than the average price of all listed shares. At the beginning of 1929, however, when the so-called "creeping bear market" set in, the two indexes began to diverge rapidly and this divergence continued through the first half of the year. This fact was pointed out in a general way by various market commentators who indicated that while the stock average from day to day and week to week seemed to be rising throughout the first half of the year, approximately half of the stocks listed on the Exchange were lower by the middle of the year than they were at the beginning. When the last gasp of the great bull market set in in mid-summer, the two indexes rose again in about the same proportion, and after the crash they declined in about the same way.

THE marked divergence during the first half of 1929, however, left these two indexes in very different positions as compared with the past. The general average of all listed securities is very much lower in comparison with past years than is the average of the selected stocks. Judging by the Standard Statistics index one would say the degree of price deflation has been much less than is true of the stock market generally.

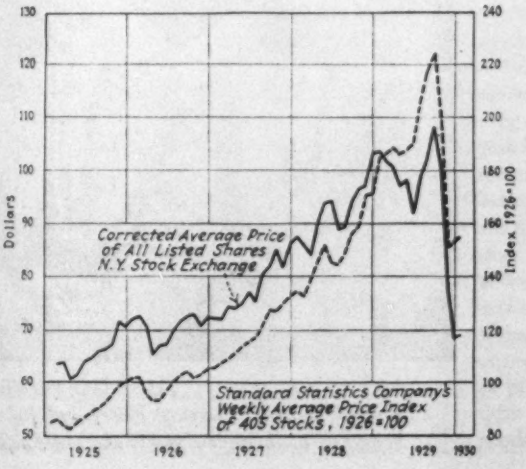
During the decline it was the opinion of THE BUSINESS WEEK that prices would not reach solid ground until they had come back to 1926 levels, when fairly normal price-earnings ratios prevailed. Evidently in the strong corporation stocks and market leaders included in the Standard Statistics index this situation does not yet exist, and may not need to exist. Probably the corporations included are in larger part strong concerns with good earnings prospects or large reserves which have justified the slightly more rapid rise in their stock prices since 1925 and the relatively smaller degree of deflation since the crash.

SO far as the general stock price situation is concerned the striking thing is that the prevailing level of prices has met the test mentioned above. The average price of all listed shares is now almost exactly at the average for 1926.

There is of course nothing sacred about the 1926 level. It had behind it three years of fairly rapid rise following the recovery from the post-war bear market. But the 1926 levels were roughly only between 50% and 75% higher than pre-war stock price levels, and such a rise would be no more than natural in view of the dollar depreciation and the general rise in price levels, without taking account of the recognized increase in earning power of most good corporations since the war. For these reasons the 1926 level was regarded by THE BUSINESS WEEK as the resistance level below which general stock prices would not be expected to fall unless there were some unforeseen and universal deflation in all price levels ahead of us. We therefore believe that, apart from individual stocks, there is practically nothing more to deflate in the general stock price level. Nearly all of the inflation which accompanied excessive credit expansion from the beginning of 1927 up to the fall of 1929 has been removed, and the general price level of stocks is now on solid ground.

This view is supported by two further facts. The first is that, while direct or bank loans on securities are still high, the ratio of total borrowings by brokers on the New York Exchange to the total value of all listed stocks is now lower than it has ever been since 1926. The second is that stock prices in relation to bond prices are rapidly nearing the point at which their dividend yield bears about the same relation to good bond yields as existed in 1926 and as has been fairly normal throughout the past fifteen years. That is, stock prices now run sixteen to eighteen times dividend yields and bond prices twenty to twenty-two times yields.

MOVEMENT OF STOCK PRICES
1925-1930



Hatry— and England's Four Horsemen

CLARENCE CHARLES HATRY of Mayfair was sentenced last week in London's famous Old Bailey court to serve 14 years penal servitude for forgery committed in the perpetration of stock frauds that Mr. Justice Avery described as "the most appalling that have ever disfigured the commercial reputation of England." Three other men will break stone with him, but for shorter periods. If they had succeeded in their gigantic operations without resort to forgery—or been able to cover up the forgery by subsequent success—the merger of British steel interests that they planned would have brought them the nation's praise and immense personal fortunes.

When they failed—for the startling sum of £13,750,000—the front pages of the world carried the story of the nation's revilement, of the charges brought against them, of the beginning of their trial, of their unexpected pleas of guilty, of the almost unprecedented severity of the sentences imposed upon them. Some caught the deeper dramatic significance of their failure, as Sir William Jowett, the Attorney General, phrased it: "More serious than the actual amounts involved, enormous as they are, is the blow to confidence which has been struck. It is difficult to see how any four men could have made the restoration of Britain's prosperity more difficult than these four in the dock."

But not many have realized that the story does not begin or end there. So strict is the English libel law that no English newspaper has been able to give the real reasons why a single fraud case —big as it is—may have so serious an effect on Britain's plans for a comeback. There has been no reference to the significance of the fact that public comment groups Clarence Charles Hatry as one of a greater financial quartet, powerful enough to sound a tremendous discord in the harmony of British reconstruction —and that the public thinks of him as the third of that quartet to drop spectacularly out of tune. There has been little said on how deeply English banks and banking judgment are involved.

THE names of the men who make up this quartet all begin with "H", and England calls them The Four Horsemen. Each has been characterised by a vaulting ambition and a meteoric rise from financial and commercial obscurity. Three have been unhorsed—Hatry by the arm of the law, Henry Spencer Horne by bankruptcy, William Harrison by a forced relinquishment of his company chairmanships. The fourth, Martin Coles Harman, rides alone, untouched by public suspicion but unsupported by the public confidence that was his before the others went down and his own companies began to slump.

Each of The Four Horsemen won his laurels in the showy but difficult game of group financing. Hatry first attracted attention soon after the armistice when he promoted a venture called the London Commercial Corporation. Further publicity came with its resounding failure and more with his stubborn come-back which, by the middle of 1928, had placed him in control of a number of trusts and financial houses then apparently doing a flourishing business. Of these, the chief in interest were the Corporation and General Securities Trust, the Austin Friars Trust, the Oak Investment Trust.

Rationalization of the steel industry was in the air and Hatry conceived a sweeping merger program with "pickings" for him that would have dwarfed his earnings up to that time. It required funds that were tied up by commitments in other directions and, on June 22, 1929, was on the verge of falling through. That night an associate stepped forward to save the situation by suggesting a plan to fabricate stock to the value of about £822,000. Hatry let his ambition speak for him and it was that fall, sped by later complications, that ended in the crash last September.

HENRY SPENCER HORNE, also on the sunny side of fifty, buckled his saddle on the cement industry. He be-

Underwood & Underwood

THEY GO TO PRISON

Edmund Daniels, Clarence Hatry and John Dixon (left to right) whose crooked financing helped shake the confidence of the British investor

Keystone View

LONDON HEARS OF THE HATRY CRASH

Excited crowds, overwhelmed by the magnitude of the stock fraud perpetrated by the Hatry group, milled in the street in front of the London Stock Exchange on the day the financial disaster was announced

came controller of a number of finance companies interested in cement, with some holdings in newspaper shares; he dominated several cement manufacturing companies and had ridden into financial fame.

Then, without explanation, securities in his companies suddenly began to drop and toward the end of last year he announced that the depreciation in values had compelled him to file his petition in bankruptcy, with which went resignation of his imposing chairmanships and the shattering of his plans to dominate the British cement industry.

The City found that his direct manufacturing and trading interests seemed to be sound; that his investment companies were not doing so well. One of them, the British Cement Products and Finance Company wrote nearly £2,000,000 off its books in 1929 for "depreciation," this representing investment losses. Its shares, standing at from £2 to £3 a year ago, are now quoted at two shillings but are actually unsaleable. Expert opinion says much may be salvaged when general stock levels rise again, but not that £2,000,000.

William Henry Harrison, again a man still in his forties, is a north country lawyer who emerged as a financial force when, a few years ago, he acquired control of a number of illustrated weekly papers. There were rumors, later disproved, that he was acting for a great British newspaper group. His Inveresk Paper Company had a capital of £499,500 in 1925 and earned profits of 12%. By the end of 1928, its capital had grown to £4,136,433 and Harrison had become chairman of nearly a score of subsidiary and associated companies, including that which owns the big London *Daily Chronicle*.

As late as last September his interests issued a circular assuring stockholders that profits for 1929 would exceed those of the boom year preceding. In December, however, another statement announced that these expectations had proved false and that dividends on preference shares for the half year then ending would be "postponed." Today, market valuation, which had swollen to £7,000,000 last spring, is down to £2,000,000 and shares that then cost some purchasers £8 are obtainable at a few shillings. Harrison has resigned his chairmanships, an eminent accountant

You have wondered why the collapse of one group of companies could shake London to its foundations; the answer is that while only one had crashed, the shares of three other groups had slumped disastrously

Hatry — and England's Four Horsemen

sits at the head of the Inveresk's board table and an emergency committee has been formed under Lord St. Davids to watch out for the interests of the preferred shareholders.

THIS points to the most disturbing feature of the situation from the broad business point of view. When preference shares were issued they carried a tacit guarantee that no prior charges would be subsequently created. But, while the guarantee has been honored in a literal sense, banks have been persuaded to lend some £2,500,000 to the companies, which does create a prior charge and seriously involves the lending banks.

This ease with which great banks have been persuaded to lend vast sums on dubious security—security on the verge of, or actually in the midst of, a sharp decline—has been one of the most startling features of this whole series of financial débâcles. Confidence, weakened by the events in themselves, has been further damaged by the feeling of thousands of small investors that their faith in the guiding wisdom of British banks has been sadly misplaced. The "restoration of Britain's prosperity," in which the banks are counted upon to play so large a part, will not be helped by the further spread of this feeling.

A further effect of the fall of the three Horsemen has been to arouse widespread criticism of the machinery of the English stock exchanges. It is declared that they should be better able to protect their own members and the investment public in general against fraud, better organized to warn against disastrous failure.

A common feature of the three episodes covered has been the inability of shareholders to obtain frank statements of position from directors. Either no statements have been made or formal statements have served to mislead their recipients. It is now urged that where shares show a catastrophic descent in value the stock exchange committee should take steps, by suspending trading, to force an explanation. It is also suggested that no company should be allowed to deal on the exchange unless, by its articles of association, it compels its board to give immediate notice of any changes in the personnel of its directorate.

MEANWHILE, Martin Coles Harman, still unhorsed, has had to deal with the difficult situation created for the group financed by the misfortunes of the Hatry, Horne and Harrison groups. With all his capacity and for all his energetic enterprise as a financier, he will have a difficult time convincing competent judges that the fourth Horseman is the one capable of founding companies of the solid kind the British investor most loves and of developing them without coming the cropper that the disturbed British investor now most fears.

His interests—Aurochs Investment Co., Ltd., British Bank for Foreign Trade, Ltd., British Rubber and General Trust, Ltd., Dublin Distiller, Ltd., Gas, Water and General Investment Trust, Ltd., Branston Artificial Silk Company, Ltd., Textile Industrial Trust Company, Ltd., and English Stockings, Ltd., to name just a few of them—are under no breath of suspicion as to irregular practices of mismanagement. But they have suffered a decline in market values, in market activity, and in enjoyment of public confidence.

The recent retirement of the Marquess of Carisbrooke from the chair of Branston, due to private reasons and postponed until the company had reached a given output, has naturally not steadied the nerve of the doubting investor. A fourth crash, at any point in the British financial community, of the magnitude of those that have gone before, would be a serious thing for British industry.

It is already a serious matter that, at a moment when it is agreed that rationalisation of industry is Britain's first need, the efforts of inept "rationalisers" have frightened thousands of investors away from all attempts to achieve the profitable amalgamation of associate interests of sound character.

Laws Chain Down Italian Chains

UNLIKE the United States, where one chain store system alone does about 7% of the total retail grocery business, food selling in Italy is carried on principally by small independent shops. The Italian chains are small, rarely extending beyond a single city. Only one chain in Italy has as many as 100 branches. That is the Unica, a retail confectionery system with 410 stores, of which 24 are in Rome. Besides Unica, the principal chain systems are: Calzaturificio di Varese, a shoemaking concern with 70 stores; Isia, a textile piece goods company with some 50 shops; La Rinascento, the only department store chain, with 15 branches; its subsidiary Upim, with 14 five and ten cent stores; and two hotel chains with 19 and 9 units, respectively.

The Italians have one interesting and prosperous chain called Alberghi Diurni (Daily Hotels), popular with travelers who do not want a room a day. There the customer can get a bath, shave, hair cut, manicure, pedicure, shoe shine, have a suit pressed or clerical work done, telephone, check luggage, rent an umbrella or write a letter. In addition, one of these units has a travel agency and another a conference room where livestock dealers hold their meetings.

Consumers' cooperatives are also strong in Italy. In 1927 there were 3,333, operating 4,786 stores. The most important, the Turin Cooperative Alliance, runs several chains—one of 80 grocery stores, another of 12 meat stores, a third of 7 drug stores, and a fourth chain of 9 dry goods stores. Another cooperative is the Unione Militaire, membership in which is confined to officers of the military, naval and police forces. Civilians may trade at its stores, but do not receive members' discounts.

Despite the presence and prosperity of many small chains, the method has not yet invaded the tobacco and drug store fields, largely because of hampering laws. The government has a monopoly on the manufacture and sale of tobacco, and drug stores are closely supervised. The Italian government appears to have the curious, un-American idea that a drug store should be a place for the sale of drugs and medicines. One can seldom be opened in a district where another is in operation, and all employed must be qualified pharmacists. In 1933 a new law, providing that a pharmacy can only be managed by its proprietor, will put more obstacles in the way of the chains.

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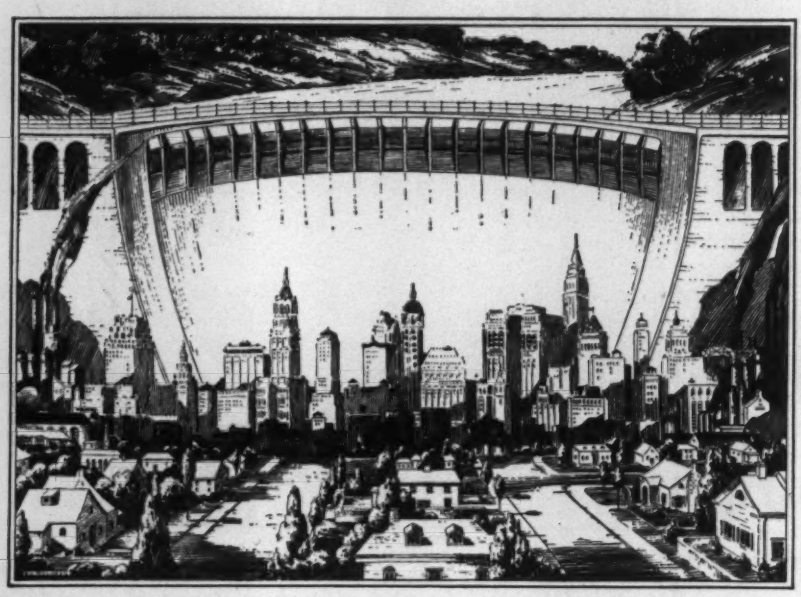

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Plan A Model Newspaper

"A three-dimension scientific newspaper," is soon to appear in Chicago—Julius Rosenwald, publisher; Waldemar Kaempffert, editor. It will be one wing of the new Museum of Science and Industry to which Mr. Rosenwald has given $3,000,000 for exhibits.

While the museum proper will reveal in graphic detail the technical ascent of man through all ages, the new wing projects this progress into the present and immediate future. Working models, relief maps and other visualizations of important engineering projects, now under way or contemplated, are to be there.

There will be a model of a tunnel under the English Channel, long discussed but not yet undertaken. A model of the proposed Nicaragua Canal will appear. Models to show how the Sahara Desert could be irrigated or how Boulder Dam will affect seven states of the Southwest are proposed. Just as the news itself changes constantly, so the three-dimension museum newspaper will keep on changing.

"Managing a museum such as ours is really an editorial job," Mr. Kaempffert comments. "A newspaper seeks circulation; a museum, attendance. But the real job in either case is to win public interest."

No tricks devised by modern advertising are being overlooked. Brilliant colors, lights that flash on and off, Neon tubing, will give life to maps and models that might otherwise be uninviting. Machines are to be sliced in two and rigged up with little motors so that spectators, by pressing buttons, can start and stop them, seeing exactly how they work. Visitors will descend into a model coal mine in a bucket, just as in a real mine. While the drop is only 17 feet, it is made very slowly so that the effect is as if the bucket went down 500 feet. At the bottom visitors will see a section of a real mine, with full-size galleries and machines.

Mr. Rosenwald's inspiration came from the Deutsches Museum in Munich, started in 1903, which today has exhibits valued at over $30,000,000, and an attendance of 1,000,000 a year in a city of 600,000 population. The Chicago museum is to be housed in the reconstructed Fine Arts building, vacant since the World's Fair of 1893, but admirably suited to its new purpose.

We Start to Save Again

New figures show that savings bank deposits, hard hit by the crash in Wall Street, are beginning to grow once more

THE American people have returned to the saving habit. Latest figures are not spectacular enough to call for any hat-tossing, but they will be the cause of much quiet satisfaction. Unmistakable indications of a resurgence in old-fashioned thrift are disclosed in reports of the mutual savings banks of New York compiled by the Savings Bank Association of the state. Figures are up to January 1, 1930. They have not hitherto been published.

These same compilations give the first clear idea of what the late and unlamented stock debauch did to the smaller debauchee. Bravely the report begins. One hundred and fifty New York savings banks (all but five) received during 1929 deposits of $1,525,000,000—the largest in history. That is $75,000,000 more than deposits for the same banks in 1928 and is better than the normal increase.

All this is grand and lovely until you discover what happened to withdrawals. January, February, and March were the only months in 1929 in which more money was put in the banks than was taken out. Investigation showed that the reason was not instalment buying. Drafts traced to brokers proved where the out-flow went. The Wall Street landslide brought on the peak of withdrawals.

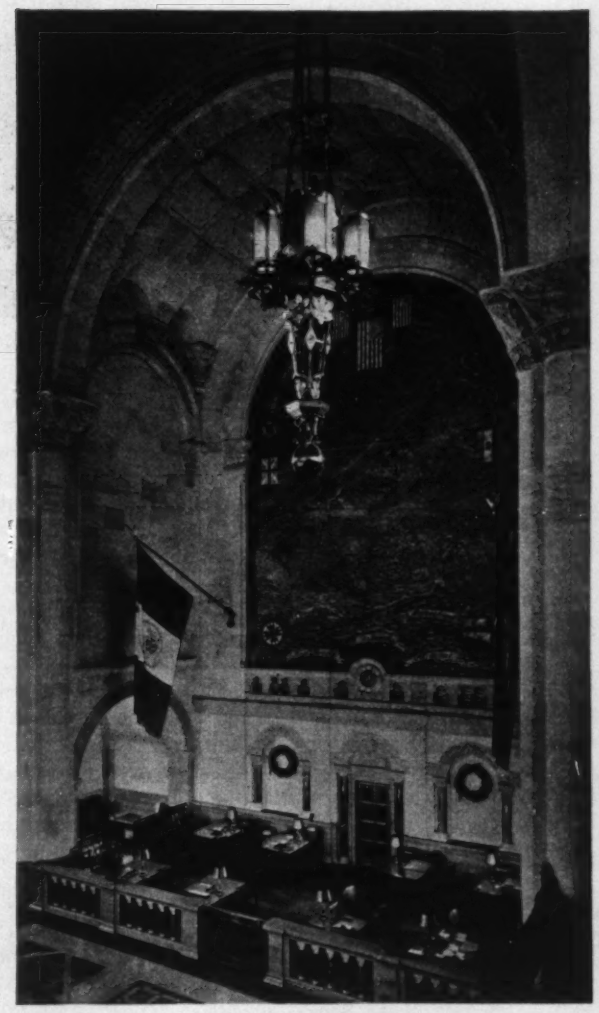
During the week of October 26 to November 1 excess of drafts over deposits was $30,000,000. (On one day a large savings bank paid out $1,000,000 more than was deposited.) Savings institutions are pardonably proud of the fact that they met the tremendous strain without distress.

By December 1 the dead accounts had been decently interred and the turn had come. Since then there has been an excellent gain in deposits. Total drafts for 1929 on the 150 banks were $1,729,000,000. Excess of drafts over deposits for the year was $204,000,000. That figure should be hung with crepe. It marks the extent to which the thrifty of New York indulged in the stock madness.

The lesson has been well rubbed in. Latest totals are encouraging. On January 1, 1930, the amount due depositors was $4,391,761,753. This total includes deposits and interest credited to depositors. It is only $19,000,000 behind the figure for the previous year. Credit for cutting down the damage caused by excess of drafts goes to the interest earned by the banks' investments and the resultant payments to depositors.

While the total at the first of this year was $19,000,000 behind last year, that loss has been more than wiped out by deposits during January. It is certain there is now a small gain over the same date of last year.

January is always a good month for savings deposits. Money received for Christmas is laid by. Also dividends from investments. Also the average man has just come through the horrors of Yuletide expenditures and suffers a rush of economy to the pocketbook which finds vent in Christmas clubs and so on. A conjunction of these emotions with the



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aftermath of the stock crash made January this year a much better month than the same period of 1929.

It is a curious fact that, while total savings declined during '29, the total number of depositors had a normal increase. The habit of putting money away gained as usual. But instead of depositing money and leaving it to accumulate interest, New Yorkers drew on their savings as they never had before. Accounts weren't closed, but heavy percentages of deposits were taken out. Total of savings bank accounts at the start of 1930 was 5,125,250, a gain of 3% over 1929.

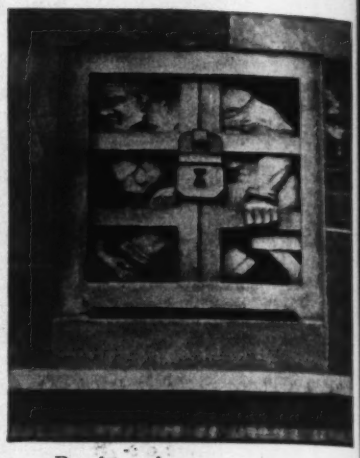
Here is a snapshot of conditions in New York state. How about the rest of the country?

Thinking business men were greatly concerned last year when the savings bank division of the American Bankers' Association announced that, for the first time in history, savings had fallen off. Comparison with 1928 was all the more startling and disturbing. On June 30, 1929, savings deposits showed a loss of $195,000,000; on the same date in 1928 there had been a gain of $2,300,000,000. No wonder there was a knitting of brows.

The harvesting of statistics for the entire country is a long and arduous task. It is impossible to say positively whether or not the rest of the United States is going along with New York in its return to thrift habits. Shrewd guessers say New York conditions probably are typical. In many respects the Empire state is not truly representative but, barring local phenomena, New York financial conditions are a fair reflection of the country as a whole. One banking statistician says:

"My guess is that deposits and savings accounts throughout the country fell behind drafts until after the stock smash. Late in November there was an upward turn which has continued. January was an exceptionally good month."

This is exactly what happened in New York. It should be emphasized that the New York savings banks account for a huge percentage of the national total. In the United States and Hawaii deposits in mutual savings banks on June 30 last year were $8,903,557,000. More than half of this was in New York state. Total of all savings deposits (in state banks, trust companies, private banks, national banks, etc.) was on the same



Bank sculpture in amusing modern key

date, $28,261,490,000. A fourth of this was in New York banks.

For comparative purposes the New York Federal Reserve Bank gets reports from scattered savings banks in New Jersey and Connecticut. They show about the same trend as the New York institutions. Deposits in three Jersey savings banks on January 10, 1930, were $109,096,000; on January 10, 1929, deposits were $107,266,000. In Connecticut, two banks on January 10, 1930, reported deposits of $32,018,000; on January 10, 1929, $31,375,000.

There is reason for the feeling that savings banks are losing ground, that they are too conservative and that the vigorous and aggressive commercial banks are taking depositors from them. In the United States there are fewer than 1,600 savings banks. Of these some 600 are mutual—banks whose profits are divided among depositors; the rest are stock banks. The number of the mutual banks is stationary; that of the stock banks is declining.

Management of savings banks is conservative. It has to be. Added to the natural caution of the banker is the strict state regulation which confines the investment of depositors' money to good-as-gold securities. In most states, savings banks can invest only in first mortgages and bonds—the most stalwart bonds at that. Rates of interest are the highest possible tribute to the officials of these guarded institutions. In New York the usual rate paid depositors is 4½%. Massachusetts banks do even better. There depositors get 5% on savings. This is better than investing in govern-

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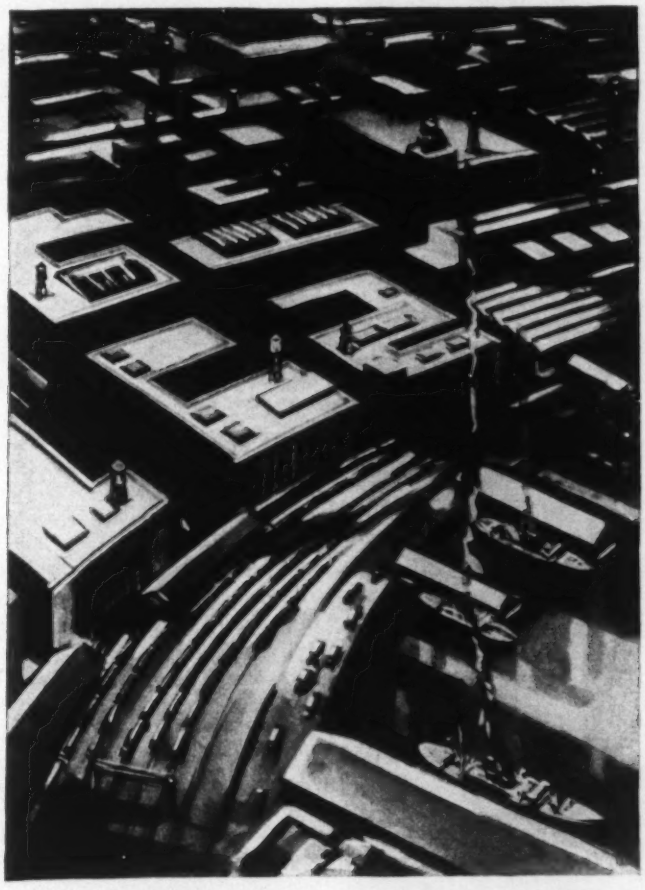

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ment bonds and is even higher than the rate of return for the best stocks. Yet savings banks are losing ground. There are only seventeen states which have mutual institutions. Most of them are in New England, New York, New Jersey, Pennsylvania, Maryland, Ohio, Indiana, Minnesota, California, Washington. The great industrial states of Illinois and Michigan haven't any.

What is the answer?

The answer is that mutual savings banks are not meant to see how much money they can make; they are designed entirely for safety. Therefore they are manacled and strait-jacketed by regulations which prevent their competing on equal grounds with other banks. With the growing security of the great commercial banks has come the invasion of the mutual bank field.

New York commercial banks paying only 3% interest on savings compete successfully with the 4½% rate of mutual savings institutions. One reason is that mutual savings banks can have but one branch. The big commercial bank opens branches in different neighborhoods and people deposit their money near home rather than go downtown to the savings bank.

Also the commercial bank blows its horn and beats its drum. Just now banks are bending every effort to increase their deposits and they are closing in on the mutual savings fields with every device of salesmanship.

One big bank, for example, broadcasts the fact that it compounds interest each month and, to the casual depositor, the words have an alluring ring. He does not stop to figure out that this rate is still far below that 4½% offered by the mutual savings banks, which is compounded quarterly. The above bank puts no limit to the amount each person may deposit. With the savings bank each account in New York is limited to $7,500. The present trend is toward "department store banking"—that is commercial, trust and savings all under the same ceiling.

Savings banks were originated to teach the working man to save his money. The first one was started in 1810 by a Scotch dominie who showed the workman that the way to independence lay through intelligent saving. The charity idea persists. This works with other factors against enterprise which might tend to recklessness. There was considerable surprise when savings banks of Greater New York joined in an advertising campaign meant to capitalize the idea of thrift while memories of the stock slump still ached.

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Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

PREOCCUPIED with local problems, business shows no immediate reaction to the successful conclusion of The Hague conference, despite a general feeling of satisfaction and optimism among business leaders. As plentiful as mushrooms after the rain are reports in various capitals of inter-European and European-American loan negotiations. All of which presages the coming of a period of restimulated trade activity.

By Special Cable to The Business Week

Great Britain—Business is hesitant due to fear of budget difficulties and uncertain future of McKenna automobile duties. Manufacturing and merchandising are averaging well. Textiles is the only major industry seriously depressed.

Settlement of the Hatry case removes one strongly depressing factor of recent months. Premier MacDonald announces formation of an economic advisory board as a permanent part of government machinery, and assumes the chairmanship.

A large number of tin mines are adhering to the week end shutdown and thus are restricting production. British-Dutch rubber restriction committee formed.

By Special Cable to The Business Week

Germany—The political crisis anticipated after The Hague conference has not materialized. Moldenhauer's sobering exposé of national finances places emphasis on budget reform as the first essential in business recovery. Unemployment is increasing. Before consideration of business tax reductions is possible, Germany must face a year of hard work with profits devoted to deflation of outstanding short term debts.

Inside information regarding the failure of the British Lena Goldfields concession in Soviet Russia intimates that outstanding credits of participating German equipment manufacturers, totaling $4,250,000, are in jeopardy. Siemens & Halske are reported to be negotiating with Dillon Read for a loan of $25,000,000.

A combine of German potash producers for closer collaboration with the French, and joint collaboration with the United States fertilizer manufacturers, has been proposed.

By Special Cable to The Business Week

France — Long unbroken business activity continues but prices are rising, and sporadic labor unrest is spreading. More than 25,000 workmen are now involved in various strikes. Banque de France is expected to steady an overflush money market with a short term bond issue representing the first utilization of open market powers conferred under the recent stabilization legislation. Year's trade deficit is set at $330,000,000, compared with $80,000,000 in 1928. General exports dropped 3% last year, manufactures hardest hit, thus reflecting higher export values since stabilization. Imports increased 10%, largest increases being in industrial materials, which reflects a gain in domestic consuming power. Increased invisible exports are believed fully to compensate the trade loss. Revenues from foreign investments alone are estimated at $240,000,000.

By Special Cable to The Business Week

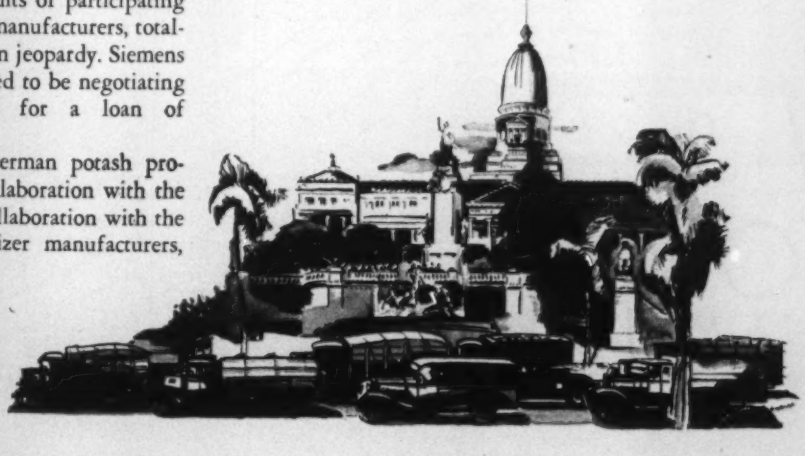
Belgium—Grant to German engineering firms of the $10,000,000 excavation contract for the first part of the Liége-Antwerp canal is interpreted as signifying the trend toward closer Flemish-German relations and away from Franco-Belgian business affiliations. Minerva, Imperia, and Excelsior automobile works agree to share in the manufacture of parts and to participate in a new joint assembly plant to produce a popular priced six-cylinder automobile to compete with Ford and Citroën.

By Special Cable to The Business Week

Spain—Business very uncertain following resignation of Dictator and Cabinet. Recent decree requires exporters to convert foreign exchange receipts within eight days or suffer severe penalties. Peseta remains weak.

By Special Cable to The Business Week

Poland—National Bank pays record 20% dividend, thus reflecting excellent financial position. Trade surplus increased $70,000,000 due to increased exports. Government opens second plant with capacity for 20,000 tons of nitrogen and 100,000 tons of fertilizer annually; brings domestic production to equality with annual consumption and thus saves $4,000,000 annual imports of these products. Seven cement plants establish 10-year cartel, marking increasing importance of Polish industry and significant possibilities in export field. General Motors is reported to be preparing to open an assembly plant at Ozorow.



By Special Cable to The Business Week

Austria—The bank rate is reduced from 7½% to 7%. Arrival in Vienna of Sir Percival Perry, head of Ford Motor of England, revives rumor that Ford is asking extension of import contingent in favor of Ford trucks in return for which Austrian automobile plants would receive contracts for assembling Ford tractors.

By Special Cable to The Business Week

Switzerland—The Federal Government offsets tax difficulties raised in connection with the International Bank by the Socialist canton of Basle. Young Bank organization committee hopes to begin operations April 1.

FAR EAST

U. S. Dept. of Commerce

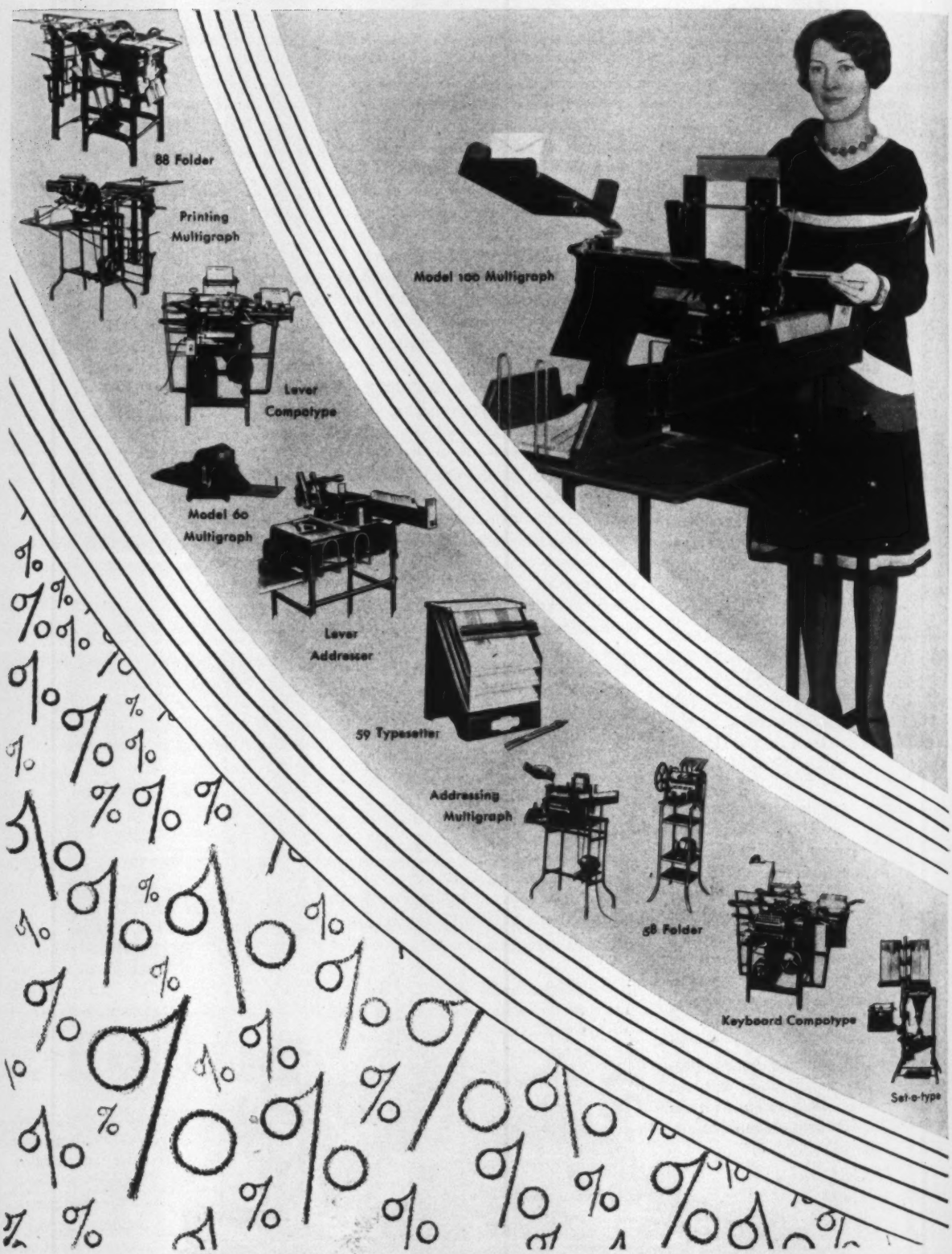
Japan—Dissolution of Diet had no reaction on business. Commodity prices continue to decline and cotton spinning, iron and steel, silk and fertilizer industries are curtailing production. Gold to the value of $9,000,000 has been earmarked for early export. Japanese exchange banks are utilizing foreign credits of Bank of Japan. New government 5% domestic loan of $36,000,000 announced.

LATIN AMERICA

U. S. Dept. of Commerce

Brazil — Bank of Brazil's inability to furnish adequate exchange caused violent fluctuation of milreis. Over $6,000,000 gold withdrawn from stabilization bureau in month. Import tonnage 60% of normal; exports increased after release of better grade coffees.

HERE'S THE KIND OF



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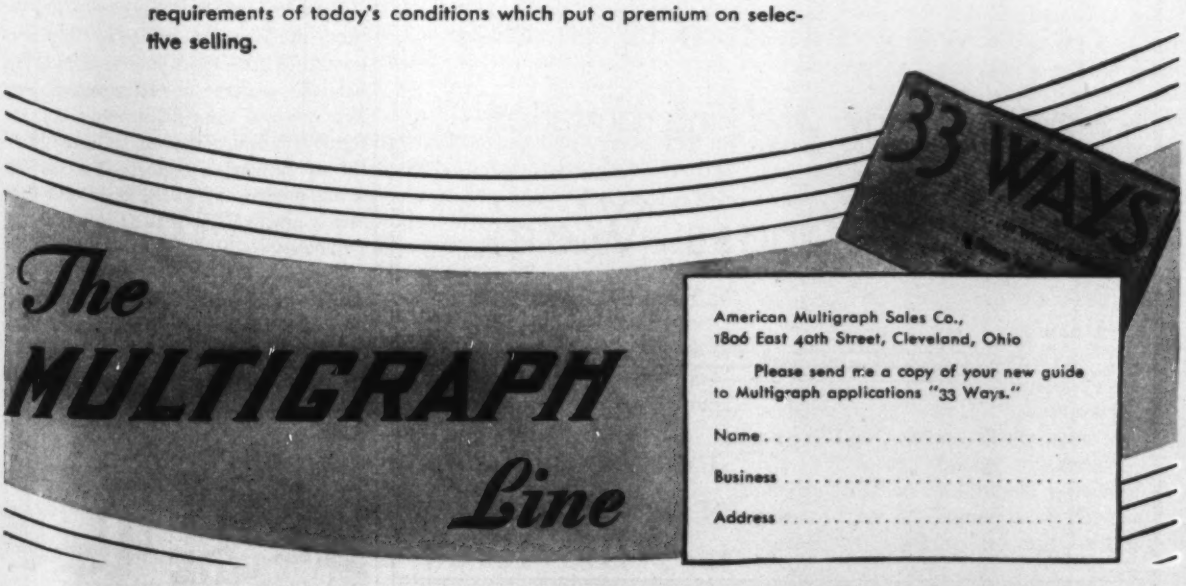

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METHOD

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The Business Week

Bulgar Rug Craft Now a Business

European Bureau
The Business Week

SMALL but growing factor in United States rug imports are the products from Bulgaria. In 1911, last year before the Balkan wars, we imported 60% of Bulgaria's rug exports, but total exports in that year were valued at only $45,000. In 1928, our importers took 98% of the native exports, total value of which had climbed to $145,000.

But diligent King Boris is urging industrial mechanization on the Bulgarian peasants. Though looms occupy a greedy share of many a peasant's tiny home, in the mountain villages where the rugged countryside offers poor agricultural returns, factories are being developed. Panagurichte, center for the industry, already supports seven, employing 1000 specialized workers.

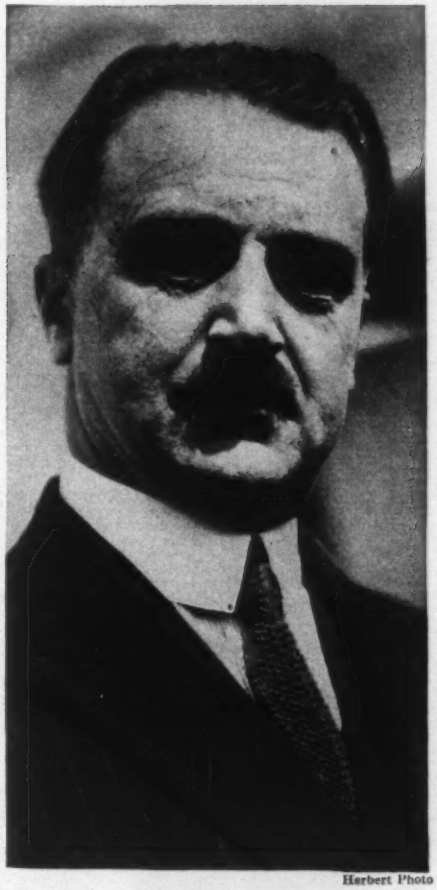
New York importers have found of late that they must deal with a new shrewdness in the Bulgarian market. Investigation has disclosed that all improvements are not due to the encouragement of King Boris. The Armenian merchant and rug-weaver, driven from Turkey, is handling a large share of the Bulgarian business on a new commercial basis.

It was his discerning eye that recognized the skill of the peasant weavers in the mountains, their adaptability. When foreign importers complained of Persia's slowness in filling orders for the famous native "Kermane" and "Saroukh" rugs, these shrewd tradesmen brought out Bulgaria's similar products, adapted, advertised, sold.

Recognizing the money value of time in Western business, they contracted to fill orders in six months that Persian dealers in Kermanshah and Teheran could not fill in two years. The result is jumping the rug industry up the list of Bulgaria's exports. For the first seven months of 1929, outbound shipments practically equalled in value total 1928 exports.

Because of the quality, quantity, and cheapness of native wool, and the cheapness of skilled labor, the industry when backed by more capital promises to figure prominently in Bulgaria's industrial expansion; larger in our import trade.

Giannini, Giant and Genius, Prepares to Retire



Herbert Photo

There are giants in Wall Street, too, but none like this one; genius, but none more unlike his

At the height of his power and achievement, he firmly resolves to retire and go back to his geraniums on June 30 of this year

ON THE LAST day of June, square in the middle of this significant year, one of the mightiest of the grand captains of our national action will cease to act. Accidents aside, he will be at the height of his power and the apex of his indefatigable talent. But the date was fixed long ago and stalwart lieutenants who should know best swear that the general will keep this date because it is his date with destiny.

It is significant, necessary perhaps, that so unusual a resolve should have been made by an altogether unusual man, a genius-man, special in every respect, remarkable even in the company of the great companions of action. For certain it is that among practical creators today none is so exceptional, so bizarre, so uniquely a new kind of creating man as Amadeo Peter Giannini, dreamer, promoter, builder, who will forever quit the counting house for his California flower garden on June 30, 1930.

Last week, in preparation, Giannini formally announced the first step in his retirement. Elisha Walker of Blair & Co., of the Bancamerica-Blair Corporation, will rotate into the command of Transamerica, largest holding company of the world, which through myriad and complex arrangements owns all that Giannini has created in thirty years.

Just how Giannini got hold of Financier Walker and the legendary name of Blair, not much more than a year ago, is one of the curious, little-known episodes of recent financial legend. Up until the sudden announcement of this bold stroke, Wall Street knew of the titanic Californian through a gorgeous noisy renown which it did not altogether swallow. And Elisha Walker, famed iceberg of all the chilly banking men, probably swallowed it less than anybody along Broad Street. Here was a native-son fruit dealer, son of Sicilian emigrants to a second sunshine coast, half-schooled, market-reared at dawn on animated water-fronts, sudden melodramatic hero of a historic earthquake-fire, an occasion-histrion who moved deposits through hot cinders, who set up shop in his own modest dwelling, that same little dwelling that he still astonishingly inhabits.

Of course Wall Street had physically seen the remarkable monster on a few occasions. He had a sitting-room full of a battleship-size piano in the Ritz at Forty-sixth Street. Anybody could walk straight in, there was no door. Of secretaries, valets none, and Mrs. Giannini hollered back from the bed-room when voices were on the telephone for A. P. Furthermore, the mighty creature sat at that piano and banged it colorfully with his great instinctive paws, and sang to it mightily in a great baritone which would have shut up Chaliapin's bass. Of evenings he dined family style in a good little Dago place, address unspecified, with jovial and multilingual friends, and spent the later hours sitting or standing at musical shows and movies, but always thinking, thinking hard, with frowns, fleeting grimaces, little unconscious gestures. He was a "regular guy," this Westerner, a real knock-out for personality.

But Giannini was discernible as a great man, all achievements aside. His moral stature was just as apparent, even to bankers, as were his overpowering corporeal dimensions. Enthusiasm, vision, will-force, courage, leader-magnetism, scope and magnitude generally, radiated from his leonine head. His the greatest of speaking baritones—vocal greatness! His head was titanic, really

Announcing
the Current Issue—

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EACH issue of this quarterly journal of business thought contains outstanding contributions from authorities, here and abroad, presenting with pertinent facts and data, thoroughgoing discussion of current business problems.

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THE CONCENTRATION OF BANKING RESOURCES, by George S. Mumford, President, Atlantic Bank of Boston.

THE FEDERAL RESERVE SYSTEM IN THE LIGHT OF CHANGING BANKING CONDITIONS, by W. P. G. Harding, Governor, Federal Reserve Bank of Boston.

THE PRESENT CONDITION OF THE ENGLISH COTTON INDUSTRY, by J. Wisselink, Helmond, Holland.

RECENT ENGLISH COMPANY LAW REFORM, by Bishop C. Hunt, formerly Professor of Commerce, Dalhousie University.

THE OUTLOOK FOR AVIATION, by David H. Strother, engaged in research in finance, Graduate School of Business Administration, Harvard University.

PUBLIC UTILITY RATE REGULATION, by John A. Ryan, Director, Department of Social Action, National Catholic Welfare Conference.

FUNCTION OF THE RESERVE IN LIFE INSURANCE, by Willis Hatfield Hazard, Head, Department of Publications, New England Mutual Life Insurance Company.

THE THIRTEEN MONTH CALENDAR, by M. B. Folsom, Assistant to the Chairman, Eastman Kodak Company.

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Giannini

titanic—"a face like a rock and a voice like a howitzer." His was a tone and an authority which could not be acquired.

An awed but still resentful professional banker of New England lineage protested to a dismayed lawyer: "We simply cannot have this Sicilian peasant fruit vendor at the head of the nation's banking!" The jurist's learning brought back to mind the reply of Disraeli to the Duke's snub: "My ancestors were noblemen in Israel when the noble Lord's forebears were learning to paint their backs red." But he didn't inflict that. He replied more softly: "Don't be so sure about this origin. I have a strong suspicion that Giannini is the descendant of a Roman emperor."

THEN something happened to Giannini. He had disappeared. The curious and inquiring few learned through his henchmen that he had fallen ill while inspecting some of his banks in Italy, little sentimental banks which he had sentimentally bought, to soothe homeland relations. The news was little heeded. Even a Giannini might get sick. He remained in Italy for quite a long time. Wall Street foes, a whole speculating brood of them, heard that he was still laid up. They got together, did some queer things to the market, and the market did some very queer things to his stocks, his beloved children-stocks.

What the Street fortunately did not know was that the giant had been struck by the lightning-bolt of destiny. Giannini in Italy had gone down under a stroke. But he returned, like Bonaparte from Egypt. Astonishingly did his mighty brain and nerves come back. Today there remain only the neuralgic flicker of an eyelid and the slightest twitch of a lip's edge to betray the devastation that wracked his frame.

Was Giannini warned just in time? Was he warned at all? His adoring lieutenants feared, for never did he apply himself to more foundation building as upon his return. But his action was significant. He went, not to Californian gardens but to Wall Street grime and roar. He set out instanter to buy, cost what costs, the one thing he knew he did not have, the one thing he knew he must have if at this mid-year he would leave intact and safe the largest financial combination of the time. He saw, at long last, that great as men might say he was, he was not a professional of the counting houses, that he was great only in the open air, buying fruits or banks, great out in the country of the big winds and the wide handshakes. Below Maiden Lane, in this effete, tricky atmosphere of deception and calculation he was a country boy again, scampering the vineyards, counting the morning's dim-colored haul to market. He decided to buy some bankers. Which is exactly what he did.

HE could not have chosen better than Blair & Co. The house was old, rich, eminent, still shrewd, but not soft. It had a very rich owner, somewhere, somewhere they said on a gentle island called Bermuda, nested in a wafting sea, an elaborate and fine gentleman of baronial tastes with baronial emblems in great B's emblazoned on panels of coach and four, on ancient grilled gates, on yachts and all the impedimenta of the rich.

Nearer, on up-turned Broad Street there was a palatial banking house, beautiful enough to wring an aesthetic sigh from a convalescent Italian. Inside it was silent, carpeted to a funereal soundlessness, divided, sub-divided into financial confessional closets all in mahogany. Inside these noise-proof compartments sat one dozen men who represented absentee C. Ledyard Blair, he of charming "Deepdene," Smith's Parish, Bermuda Isle, he of thirteen Social Registered clubs. And at the head of this dozen of wits and talents sat inscrutable Elisha Walker, veteran of a thousand fierce maneuvers, master of the elaborate intrigue and ritual of the first Court of Finance in the world.

RUMOR, insatiable, jealous, put the Blair partners' profits of sale that rapid day at $2,000,000 apiece. Certain it was that the deal was done over-night, like most Giannini strokes. Bancamerica-Blair Corporation appeared. It was stuck square in the saddle over all the immense and wide flung Giannini acquisitions in so far as everything that is technically financial is concerned. In downright reality its great function will doubtless be in the buying end, which means not only the market-wise department of purchasing for the Giannini investment trusts but in bidding for new issues, domestic or foreign. Fortunately it had been long enough at the helm to give an excellent account of itself during the recent blizzard.

Concerning his reasons for buying out the house of Blair, Giannini has been characteristically frank. "I needed financial ability," he said, "and in the person of Elisha Walker I got it. So far as abil-

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Giannini

ity goes I fear no comparisons with any house in the Street. In ability Walker is one of the outstanding financial men of the time." First to hasten to corroborate this statement would be Mr. Walker's very adversaries and enemies. His partners are mostly young and admittedly men of talent rather than men of family, influence, or wealth. Conspicuous among them is a young Frenchman, Jean Monnet by commonplace name, an industrialist by training, one-time Deputy General Secretary of the League of Nations, a pacifist, internationalist, no banker. He it is who will now succeed Walker in rotating position while Walker succeeds Giannini himself.

Giannini, nearing his last act, passes to an advisory capacity, to counsel and advise and lend wisdom, until the evening of June 30, five months away. Then he will sprinkle geraniums and the other bright ordinary flowers which he prefers, will interrogate with hard questions his handsome daughter—student of banking—may take her to the evening dances at the University of California, for he is fond of dancing and young folks.

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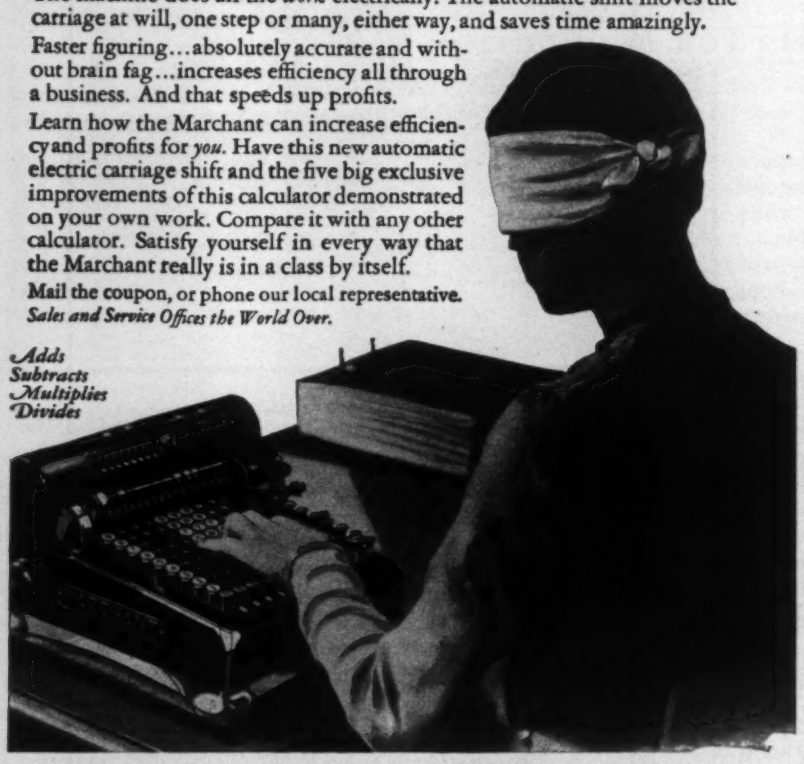

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Wide Reading

CURRENT CONDITIONS FAVOR HEAVY FOREIGN FINANCING. Arthur M. Leinbach. *Magazine of Wall Street*, January 25. Reparations loans and potentially large demands for capital from abroad promise a reversal of recent trends.

OUR BOOMING BEAUTY BUSINESS. Paul W. White. *Outlook*, January 22. Careers ahead in the $2,000,000,000 beauty business—destined soon to reach the $10,000,000,000 class. Annual cosmetic tonnage; itemized annual beauty needs of 30,000,000 women; organization of labor in beauty industry.

WHY DON'T THE MANUFACTURERS . . . ? Edna M. Fuller. *Advertising and Selling*, January 22. Bag-of-tricks suggestions from housewives who have a comeback for manufacturer's cry: "We must make the public want." A whole host of wanted products are missing on the market.

MASS PRODUCTION MUST HAVE MASS CONSUMPTION. Edward A. Filene. *Magazine of Wall Street*, January 25. If business is to eliminate the wastes of distribution, there will be further development of chain merchandising.

THE RISING TIDE OF PUBLIC OPINION. Roger W. Babson. *Public Utilities Fortnightly*, January 23. What it means to the utilities.

HIGH VOLUME PUTS A PREMIUM ON POOR MANAGEMENT. E. J. Kulas. *Printers' Ink Monthly*, January. Advice to industry to make merchandising its first aim and let volume and profits take care of themselves.

COMMUNICATION FACILITIES IN THE MAKING. *Bell Telephone Quarterly*, January. Romance of the commonplace in cross-country line-building. "After all, machines are less interesting than men."

INTERNATIONAL REVIEW OF THE MINING INDUSTRIES. *Engineering and Mining Journal*, February 4. Sixty-first annual review issue.

FUTURE SOLUTION OF ECONOMIC PRODUCTION PROBLEMS DEPENDS UPON COOPERATIVE EFFORT. E. S. Chapman. *Automotive Industries*, January 18. Reduction in tomorrow's costs are sure to reflect a closer liaison between engineers and plant executives. Tool design to play an important part.

THE MINING BANK OF CHILE. Fernando Benitez. *Engineering and Mining World*, January. New bank giving Chilean mining fresh start. American machinery imported exclusively for modernizing operations.

BOOKS

INVESTMENTS OF UNITED STATES CAPITAL IN LATIN AMERICA. Max Winkler. World Peace Foundation, 297 pp., $2. Discusses Latin American economic life, general features of international investment, and foreign investments by countries. 59 tables and charts.

PROBLEMS IN AUDITING. Arthur W. Hanson. McGraw-Hill, 754 pp., $6. Presents series of problems with full discussion of principles.

APPLIED GEOPHYSICS IN THE SEARCH FOR MINERALS. A. S. Eve and D. A. Keys. Cambridge University Press (Macmillan in U. S.). 253 pp., $4.50. Summarizes practical and theoretical sides of many scientific methods of mining.

They Separate the Trade-in From the Sale

Chicago machine tool men ask the Federal Trade Commission this month to bless a plan that takes the curse off second-hand deals

THE second-hand goods problem is increasing in importance in the distribution plans of many industries. Everyone knows how it affects automotive sales; fewer persons realize its influence in many other lines such as furniture, radio, rubber, machine tools. The trade-in is a brake on the sale of new goods. More vexatious, it is the perfect camouflage under cover of which the price-cutter can get in deadly work.

For almost a year and a half machine tool distributors in the Chicago district have operated a plan which successfully combats trade-in evils. The plan is unique in certain respects, is amenable to adaptation for many other products and has attracted considerable attention. Just now, it is seeking the Federal Trade Commission's O.K. Submitted voluntarily, it comes up for hearings this month.

This is the plan: Whenever a trade-in deal comes up for consideration the seller telephones a central office, describes the machine briefly—giving its serial number and location—and asks if anyone has registered it as a trade-in possibility. If not, the seller does so, stating that his offer is, say, $200. This offer is later confirmed in writing.

To term this $200 offer an "appraisal" is wrong. It is a firm offer to buy for cash. Even if a competitor gets the business and thus acquires the trade-in, the firm making the $200 offer obligates itself to pay that amount in cash for the machine at the designated delivery point.

Suppose another firm makes a bid on the used machine. Perhaps the second concern has a better used-machine department, or knows of a buyer seeking the sort of machine offered. Accordingly it can offer $250 since it knows it can sell the machine profitably—or, at least, for no loss—at this figure. This offer is placed on file in the central office and becomes effective at 11 a.m. the second business day following. In the meantime, the fact that a raised appraisal has been filed is communicated to the first concern. This concern can raise its offer to $250 at the appointed hour. But, if it gets the business, it can turn over the traded-in machine to the second bidder and collect the $250 in cash from it. That, of course, is the stinger—the clause that prevents wild offers, just to get business.

The plan is, in effect, an auction market in used machinery. Of 110 competitive deals registered in the first 15 days of January, 55 resulted in sales. In 34 of the cases there was no raising of bids; in 21 cases original bids were raised.

The plan works. Its sponsors are enthusiastic. Two Milwaukee dealers and 14 direct-selling manufacturers of Chicago, Milwaukee and Cincinnati have joined the six sponsoring dealers to make 22 members in all. These firms are estimated to handle some 85% of machine tool business in the Chicago district.

THE Federal Trade Commission, realizing the importance of the precedent, is giving the matter more than routine attention. If approved, it will be widely copied. In fact, it has been developed with this possibility in mind. The three forms used for office records do not bear the name of the Chicago association or even mention machine tools. The same forms could be used by sellers of laundry, printing, woodworking, or road-making machinery, and, with slight alterations, automobiles and radios, too.

Buyer untruthfulness was the main trade-in evil which led to the adoption of the plan. Rapid progress in machine tool development with resulting speedy obsolescence makes acute the need for self-protection by sellers. Profits are easily tied up in growing, and rapidly depreciating, stocks of used machinery.

Statistical proof has been accumulated to show that buyers were even foxier than machine tool men had suspected. Previously, they had taken for granted that most trade-in deals were competitive. When a buyer said, "I can get $150 allowance from one of your competitors. You will have to meet that or else you don't get the business," the dealer may have doubted that the allowance offered was as high as $150, but he took it for granted that a competitor had been approached.

Now it comes to light that in 85% of the deals no competitor is called in. Of 741 trade-in deals registered between October 2, 1928, when the plan was put into effect, and January 15, 1930, 631 were non-competitive, 81 involved two potential sellers, 28 involved three, and only one buyer actually went so far as to get appraisals from four houses. What buyers had been telling machine tool salesmen previously was mainly "boloney."

WHILE the Chicago plan discourages untruthfulness and the buying up of junk machinery for trade-in purposes, it actually benefits buyers by establishing a more satisfactory competitive market for used equipment. It frequently happens that the seller making the top trade-in offer is not the one whose new equipment best fills the buyer's needs. The Chicago machine tool men's plan makes it possible for the buyer to accept the top trade-in offer even though he places his order with a competing house. In fact, some concerns

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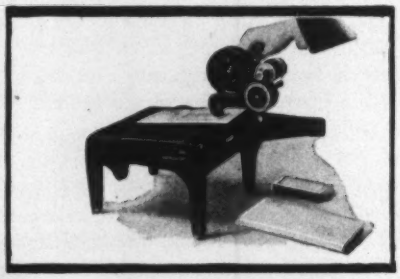

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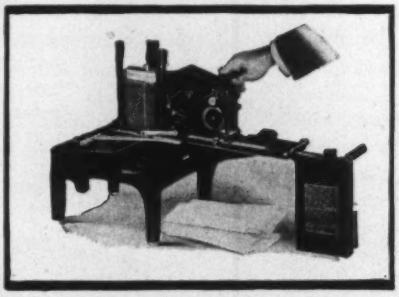

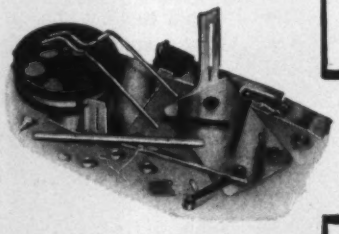

Then whenever you want still greater speed and operating convenience, we will add these extra parts

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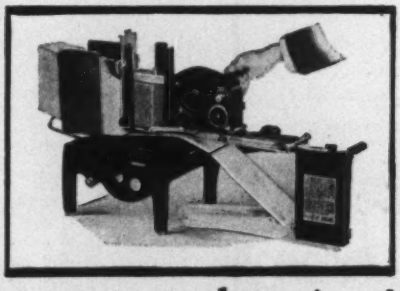

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that previously refused all trade-in business are now accepting it as subscribers to this plan.

Copies of the code of regulations, describing the plan in detail, are available for the asking. A complete description of its history and working advantages, in non-technical language, is included in the brief filed with the Federal Trade Commission. This, too, will be available shortly.

The original half-dozen dealers who have developed the plan are next-door business neighbors, with offices close together in Chicago's machinery district just west of the Loop. They have been associated together socially in a machinery club for a number of years. Their plan has been in operation during a period of good business.

Whether it would work as well for a more scattered group without centralized leadership, or in a period of slower business, remains to be seen. One Chicago leader believes that, since competition is keener and buyers are more interested in low-priced used equipment when business declines, the auction feature will result in somewhat better prices on trade-ins during a period of business depression.

▼

Nature, Chemist, Ruins Wash

SOMETHING has been done to clothing for which the laundries cannot be held responsible. In New England, a peculiar disintegration called "winter damage" takes place in wet wash hung out on the line to dry. Tiring of widespread customer complaints, the laundries enlisted the aid of experts from the Textile Section of the Bureau of Standards. They soon discovered that the abuse should have been showered upon Nature instead of upon the laundrymen.

The textile experts knew that New England water was comparatively free from mineral salts, and that sulphur-bearing coal will give off sulphur dioxide in the smoke. They experimented; discovered that wet wash hanging on the line in a smoke-laden atmosphere absorbed the sulphur dioxide. The action of a hot iron on the cloth increased the deterioration caused by the sulphur. Three laundries, induced to put calcium bicarbonate into their final rinsing water, succeeded in avoiding "winter damage." But before the practice could be adopted throughout New England a patent had been obtained by a private corporation on a somewhat similar process. Now if a New England laundry desires to wash in peace it may have to pay a royalty.

Are the Railroad Holding Companies Outside the Law?

New device may have found a legal loophole in the Clayton Act, may bring approved consolidation plans to naught —Congress prepares to find out and, if so, to do something about it

DOES the railroad holding company, or rail investment trust, new factor in the railroad field, constitute a menace to the Interstate Commerce Commission's unification plan? Is it a loophole through which the railroads can escape the provisions of the Clayton Act? The Commerce Committee of the House of Representatives is now getting ready to find the answers to these important questions under a mandate given it by the House on January 24.

Joseph B. Eastman, member of the I. C. C., says: "These holding companies are in a position to break down the commission's plan for a general unification of railways and to set up other systems which would, by their remote control, be beyond our jurisdiction."

The holding company makes it possible for the directors of a railroad, acting through an independent corporation over which the I. C. C. has no control, to deal in the stocks of competing carriers. In short, this independent corporation may create or circumvent mergers. Even though the amalgamations they effect would not be official, they would be actual so far as the control of traffic was concerned. They could thus build up a solidified system, or they could block the movements of competing roads to acquire strategic lines.

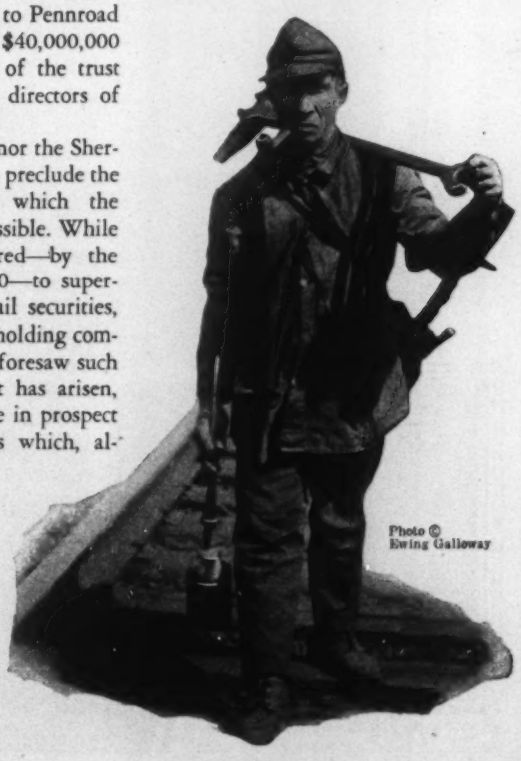
PRINCIPAL holding companies in the rail field are Pennroad Corporation, owned almost wholly by stockholders in the Pennsylvania Railroad; Alleghany Corporation, formed by the Morgan interests in association with the Van Sweringen lines; Delaware & Hudson Company; and Chesapeake Corporation. There is also the Western Pacific Railroad Corporation which owns all the stock of the Western Pacific Railway Company, an operating carrier. This corporation made an effort to acquire the stock of the Denver & Rio Grande Western, which would have brought about a case of a holding company acquiring two connecting railways and setting up a through route under unified management and possibly beyond the jurisdiction of the I. C. C.

These holding companies have been created by the railroads through rights issued to stockholders to subscribe to stock in the auxiliary corporations. The parent companies have promptly disowned them, so far as accepting any responsibility for their actions or stock transactions is concerned. Pennroad is the most prominent of the lot. It was organized several months ago through stock subscriptions by Pennsylvania stockholders, who subscribed $87,000,000. A subsequent offering to Pennroad owners brought in about $40,000,000 more. The voting trustees of the trust are the president and two directors of the Pennsylvania Railroad.

Neither the Clayton Act nor the Sherman anti-trust laws seems to preclude the semi-monopolistic control which the holding company makes possible. While the I. C. C. is empowered—by the Transportation Act of 1920—to supervise the issuance of new rail securities, nothing was said about the holding company phase because no one foresaw such a contingency. Now that it has arisen, prompt action appears to be in prospect to govern these companies which, although acting in a wholly legal way, are in a position to achieve far-reaching results in the railway field.

TO date the activities of the holding companies, it is true, have not been such as to invite immediate criticism. It is not so much what they have done that has brought on the Congressional investigation as the commission's apprehensions as to things that might occur if they were not promptly circumscribed by adequate legislation.

Delaware & Hudson Company, for example, is apparently to be purely a holding company, owning stocks in the railroad and the coal companies of that name which are to be segregated, making two distinct operating concerns. Alleghany Corporation is understood to hold, in addition to railroad stocks, securities in certain industrial concerns as well. Pennroad has confined itself to the railroad field having bought the Detroit, Toledo & Ironton from Henry Ford, and the Canton Terminal (Baltimore), and acquired a substantial interest in the Pittsburgh & West Virginia. Pennroad has been particularly candid in making public announcements as to its transactions after they have been con-



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summated, but it consistently maintains that it is wholly separate from the Pennsylvania Railroad.

IN the absence of "overt acts" by the holding companies, why is an investigation to be made? One answer makes the point that it is a fallacy to believe that the I. C. C. is composed of a group of yokels with a dash of radicalism; that members of the commission are sufficiently astute to keep in touch with the current trends of thought and are sufficiently removed from Wall Street to be free from the opinions prevailing there.

While this may seem extraneous to a discussion of holding companies, it ties in very closely. Three members of the commission made extensive Western trips recently for the purpose, among others, of sounding local sentiment. Each returned with reports that the trend toward mergers in the United States (not only as respects railroads but all other large groups as well) is being viewed with increasing apprehension. When the railroad holding companies developed coincidentally with public sentiment against mergers, prompt action was thought necessary by the commission. Also, as analysts of the prevailing thought in railroad finance, the commissioners readily perceived that the creation of a group of holding companies could circumvent the consolidation plan they put forth.

If one may judge by its past attitude, there is every reason to believe that the House Committee on Interstate Commerce which is to conduct the holding company investigation as a basis for possible regulatory legislation, will pursue the query actively. The fact that Senator Couzens evinced an immediate interest in the subject even though it has not yet come officially before the Senate, indicates that the so-called "progressive bloc" will be wholly in accord with any plan the object of which is to circumvent something which they regard as "an instrument of Wall Street."

In general, the outcome of the investigation is expected to be that the status of the railroad holding company will be definitely established, and their value as a means of creating artificial mergers will either be void or subject to adequate regulation. There is some doubt as to whether the Interstate Commerce Committee will be able to hold the investigation and report to Congress at the present session. It is certain, however, that until the inquiry is completed, no consideration will be given to legislation facilitating consolidation of the railroads as proposed in the plan of the Interstate Commerce Commission.

What the Leaders Are Saying

BALM to the worried textile manufacturer and to the neglected dressmaker are the predictions of Mathieu Worth, writing in *Textile World:*

"Woman will soon be showing individuality again instead of the mass-dressing with hundreds of dresses exactly alike placed on the markets—dresses without imagination, dignity or beauty. How unwise were the makers of dresses and hats who choked to death with cheap silks and felts the dear old goose that laid the golden egg.

"Now that the swan song of the 'garçon era' has been sung—perhaps the singing of a hymn of praise to the new skirt length is not amiss. Like the sun, the new skirt descends toward the evening. . . . A few inches added to a skirt, multiplied a few million times, means good dress goods business.

"The dressmaker lives again, the designer once more comes to his own, and this most naturally means bigger and better business in textiles. The 'dressmaker mode' is a mode of handicraft and detail, of sophistication rather than naïveté, calling again into play expert workmanship, and many materials. If the dressmaker benefits, then likewise benefit the textile trades—and if textiles benefit then likewise benefits the dressmaker."

▼

FRANKLIN SIMON, speaking to the Garment Retailers of America:

"'Stabilization' in this country means the constant development and promotion of style. It means the submerging of petty and personal interests on the part of groups in the interest of the trade as a whole; it means study of the problems that have handicapped the promotion of our business in the past and the substitution of policies and practices that in the future will give our trade the inspiration it deserves. It means teamwork. . . ."

▼

"THE Spanish-speaking Americas" is the calm prediction of the editor of *The Caribbean Press* of Colon, Panama:

"The time may be envisioned, and not so far distant either, when the Western Hemisphere will see a race for supremacy between the English and Spanish languages, with the chance about 10 to 1 that Spanish will win out.

"English-speaking people in the Western Hemisphere number about 128,000,000 while the Spanish-speaking people inhabiting Latin-American countries, and those in Cuba and Porto Rico, number very close to 100,000,000. Due to the closing of the door to unlimited immigration into the United States, the growth in population is now confined to natural increase, plus such immigrants as are permitted to enter under the quota law. There is a possible 30,000,000 majority still to overcome before Spanish moves to the front but the writer ventures to predict that this will come to pass within the next 30 years."

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FROM Senator Caraway of Arkansas, chairman of the Senate's lobby investigating committee:

"I hope respectable business men will cease to pay tribute to lobbying grafters. The whole matter is nothing but graft. Aside from the waste, it tends to weaken public respect for Government, for it presumes and proclaims that Federal legislation can be peddled like a commodity. Interests concerned with legislation might as well go for help to palm readers or crystal gazers as to the kind of folk we find getting big money for pretending to influence Congress."

THE recommendation of Dr. William J. Cooper, Federal Commissioner of Education, that the high school curriculum be revised to provide trade courses for students who will be forced to earn their living by manual labor received a rebuff from Professor David Snedden of Columbia.

"For most of the vocations of today the usual run of high schools can no more provide really serviceable vocational instruction and training than they can conduct hospitals or hotels.

"Out of 100 boys, 15 years of age, chosen at random in any usual American high school of today, it is probable that not more than three will enter the same vocation.

"It is highly probable that these 100 will be found at 30 years of age to be distributed among at least three score and probably four score distinctive vocations—so far has specialization of vocation proceeded in the America of today.

"Vocational education should be provided for at public expense, but facilities should be concentrated in one school for maximum efficiency."

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The World's Coffee Cup Spills Over

Milder and cheaper coffee brews bitterer and costlier politics in South America, but New York's quaint old exchange pursues its accustomed ways

"THE market" is a ticker's tape, little white rivulet of hope, alarm, and despair. "The markets" are burly, inelegant, respectable town-hall affairs where solid merchants tediously brawl forth the prices of the commodities of America and the world. It is not a chic but it is a real world. A stockbroker ought to be a gentleman, a mixer, and a sportsman; a member on hides, silk, rubber, metals, burlap and jute, grain, or coffee and sugar, has got be a born trader, a fighter, a commercial wizard, an experienced merchant learned in politics, weather, and geography.

Perhaps most picturesque of all the arenas that dot the back alleys of Wall Street, is the one which has retained most of its pristine savor through very lack of renovation and repair. Coffee and Sugar is really the real thing in exchanges. No side, no swank here.

Fancy a long and very high brown-colored room whose lofty windows admit the roars of the elevated and the dust from Pearl street's cobble-stones. Inserted within and behind barriers of circular triple steps at the ends of the great hall are the two rings, one coffee, one sugar. Their iron pickets uphold broad flat rails, heavily stuffed with wadding, stoutly upholstered with good leather, greasily polished to a fine patine. In the sunken space between the two perched rings are stand-up desks for scribbling, a chair or two, some tickers telling tales of other exchanges. From the side-show space of massed telephone booths off this idle part of the floor roughish and audacious youths shout in unintelligible blats the names of members and other unconfidential data. On yard-wide railed galleries at the hall ends, pairs of better dressed youngsters with head-piece telephones to keep them informed write with languid flourishes upon vast mud-colored blackboards. For stuffy hours together they dawdle, when suddenly, in answer to the opening or closing of another coffee and sugar exchange somewhere in the world, from Sao Paulo to Hamburg, they let loose with a speed which is veritable chalk magic, all but ambidextrous.

LAST week events stirred this amiable, this almost old-world scene of routine trade. As the least floor apprentice had read and understood, more than two years of the world's drinking supply of berries lay choking under Brazil's corrugated iron roofs. Prices on the dozen exchanges of the world were at the lowest in twenty years. Grocers were slashing and cutting, housewives and lunch-counter magnates were chuckling.

And what was this news, this innovation? Less coffee? No! More coffee, from a new place, under a new trading contract to take care of more dumping. Contract "F" it would be called, for no reason on earth that anybody knew, any more than anybody knew why Basis Santos No. 4 was "D," why Basis 7 was "A." One thing was clear, that this will be Colombian coffee, the so-called "light coffees," mostly from Colombia, less from Venezuela, a little each from Guatemala, Salvador, Mexico, and San Domingo. Six more republics with a legitimate place in the coffee sun! They are going the unhappy way of Brazil; it is farm relief, Southern Hemisphere style.

As the whole world knows, the other Brazilian Portuguese word for politics is coffee. The culture of the cheering but

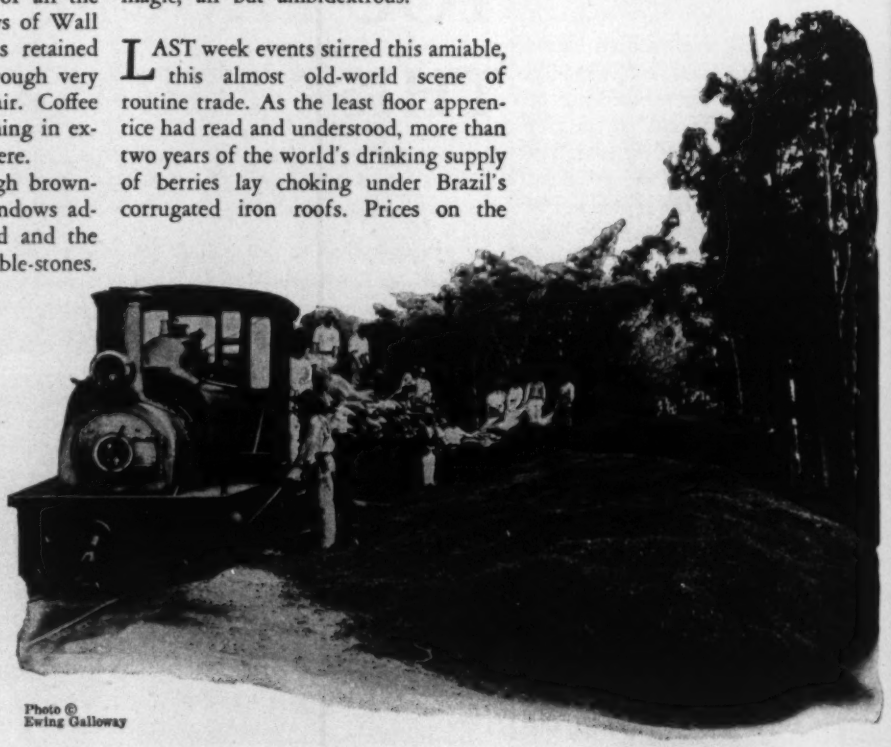

Photo © Ewing Galloway

uninebriating berry is the great national, and hence the great vote-getting affair. Slowly, over two trying decades, has the enlightened but weak government of the jungle empire drifted deeper and deeper into the jungle of national subsidy for its own most popular, easiest, and hence least profitable form of business. It has gone out to borrow from usurers in order that it might in turn loan to voters, under the sweet name of plantation relief, so that they might go on raising more coffee when old crops were not yet sold. Today the Brazilian Government can scarcely borrow pressingly urgent funds on the easiest-going fund markets of the world.

In olden days, around 1910, when eccentric old Hermann Sielcken, of undying loyalties and enmities, dominated singly and gigantically the coffee markets of the world and did what he pleased in Brazil, these futile crops used to get regularly burned. But in our gentler economic time there is no brake, incendiary, political, or speculative, to ease the natural acceleration of gravitation. At what low level it will halt no man can foresee. One thing alone is proclaimed—that the price of coffee is below the cost of production.

Interestingly strange, therefore, was young Colombia's naïve enthusiasm for her delicious light coffees. She just had to follow the style. A pompous National Federation of Coffee Growers was established to put the industry on a "firmer" basis, the Ministry of Industries cooperated, a law was passed for the "protection and support" of the infant industry, special taxes were levied and the new Federation bound itself for ten valiant years to do battle for Colombian coffees before all the breakfast tables of the world. Restaurants are being subsidized at Barcelona, Berlin, Madrid, Rome, Naples, to demonstrate to doubting tasters Colombian mild superiority. And the square-built swarthy brokers in their quaint hall under Pearl street's elevated will bawl their bids and askeds in still other euphonious Latin cries for the variegated milds, from soft Honda and Girardot through gentle Manizales and Libano to excellent and more potent Medellin, Armenia, Cauca, down unto sweet Washed Bucaramanga, best of them all. The new contract opened decently dull but well, the trade bought, all is for the best for coffee brokers.

Of berries for ultimate housewives and the nomadic restaurant-fed there will be more and milder and cheaper.

Of politics in young Colombia there will be more, too, and more costly and more bitter.

Build up the old accounts and get better, bigger new business

That's a fine slogan for 1930—but rather general and indefinite, until you have answers to the very practical questions

Where and How?

"WHERE?" Certainly where there's the greatest opportunity for growth, the most unlimited scope for developing old accounts and for getting new ones that will be profitable from the very start. Isn't that plainly a description of the New York metropolitan market? Aren't you sure that for your business there's no other market with the promise and the possibilities of New York City? Doesn't it check between 8 and 20% of the sales possibilities of the entire United States?

"But, New York is difficult," you say. "How shall I . . ."

"HOW?" Benefit by the experience of hundreds of concerns that are selling New York in big volume, and with nice profits, products as varied as drug and toilet goods and groceries for chain stores, outboard motor boats, paper boxes, radios, card tables, washing machines, mattresses, furnaces, rayon yarn and smoking tobacco.

Spot stocks in New York of these and many other products are received, stored, handled and delivered by Bush Distribution Service—which leaves the sales and promotion personnel free to sell, and helps their selling by assuring prompt, correct delivery of even the least of hand-to-mouth orders. No chance for distributor's substituting another brand if yours is always in stock—but he may substitute yours for the other that is out! And some users of Bush Distribution Service finance their New York promotion with funds raised on Bush Negotiable Warehouse Receipts—spot stocks are liquid assets.

For further details *how* to build old accounts and create new ones in Greater New York through the use of Bush Distribution Service write for a complimentary copy of "More Profits in New York." If you describe your product and its distribution in your request, you will receive in answer, besides the booklet, a special Bush Service letter telling how this service will aid your business.

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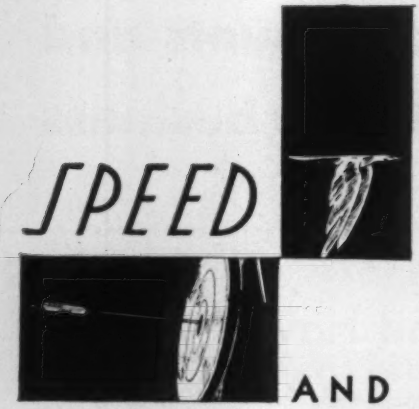

SPEED AND ACCURACY

Where speed is important and accuracy vital, there you will find the modern calculating machine serving "close-up" to a Steelcase Calculating Machine Desk. Fingers—machine—desk! What a marvelous trio of efficiency. And of the desk, mark well these words.

The Steelcase Calculating Machine Desk was designed and built to combine the calculating machine and its operator into a more efficient unit—to make fast calculating work easier and speed the flying fingers of the best operator. It accomplishes its purpose well; many of America's most prominent concerns have adopted it.

The Steelcase Calculating Machine Desk is demonstrated and sold by good office equipment dealers nearly everywhere. A line to us will bring complete information. Your operators will appreciate your writing to us today.

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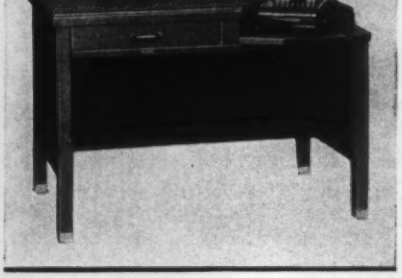
STEELCASE CALCULATING MACHINE DESKS



The Steelcase Calculating Machine Desk is small and compact—it saves valuable office space. Attractive in appearance and practical in design. Your operators will endorse it instantly. Comes in four beautiful finishes, Olive Green, Walnut, Mahogany, or Oak, baked to the steel. Wearproof linoleum top.

STEELCASE Business Equipment . . . FOUND WHERE BUSINESS SUCCEEDS

After Office Hours . .

OPINIONS differ. A bond salesman at a bankers' banquet: "There's no class of men that know less about the business they are in than bankers do. Most of the men in this room don't know what it's all about." A banker who arrived later: "This is an intelligent looking bunch of men, isn't it? But then a man has to be a pretty wise fellow to be a banker these days."

▼

CUTTING costs of distribution and relieving traffic congestion are closely related. "Almost any up-and-coming chamber of commerce," suggests Julius Klein, Assistant Secretary of Commerce, "might assault the practical, brass-tacks problem of congestion aggravated by a multiplicity of delivery trucks, often with microscopic loads."

▼

THE American foot is all dressed up, but it has no place to go. That, says Edward A. Filene of Boston, is what's the matter with the shoe industry. The automobile is here; you don't wear out much shoe leather on an accelerator or a footrest. Those who prefer to walk through an auto-crowded civilization must chance being "the late."

He suggests the shoemakers mobilize public opinion to build more footpaths along our highways. These will lead to more walking and to more shoe sales.

▼

COLOR and art, judiciously used, will wipe eyesores from the landscape without removing needed commercial structures. New-style gas tanks of People's Gas Light and Coke Company are not barren drum-like cylinders but 28-sided polygons, finished off with cornices and light towers on top. They are painted sage green, with alternate bands of orange and black near the top. This color scheme, the best in fogs, was adopted for the 20,000,000-foot tank, largest in the world, which towers 419 feet near the Chicago municipal airport. Residents of the neighborhood were pleased with it. Now similar tanks appear far removed from plane routes.

▼

WHITE neon lights are conspicuous by their absence. Chemists have been laboring to produce them. One such is now being offered; another is coming soon. But a more important problem that still baffles neon scientists is to develop a tube that can be plugged in on a regular 120-volt line, not needing transformers to step voltage up to 14,000 as must now be done. To date most neon lights are red, though blue, green, gold, and sand yellow follow in order of popular favor. Colored tubing is used to modify these hues, as to make a blue light appear purple.

▼

A GENTLEMAN unfortunate enough to be in the market for an artificial leg reports that practically all of the numerous salesmen calling upon him are one-legged men—testimonials of the product they sell.

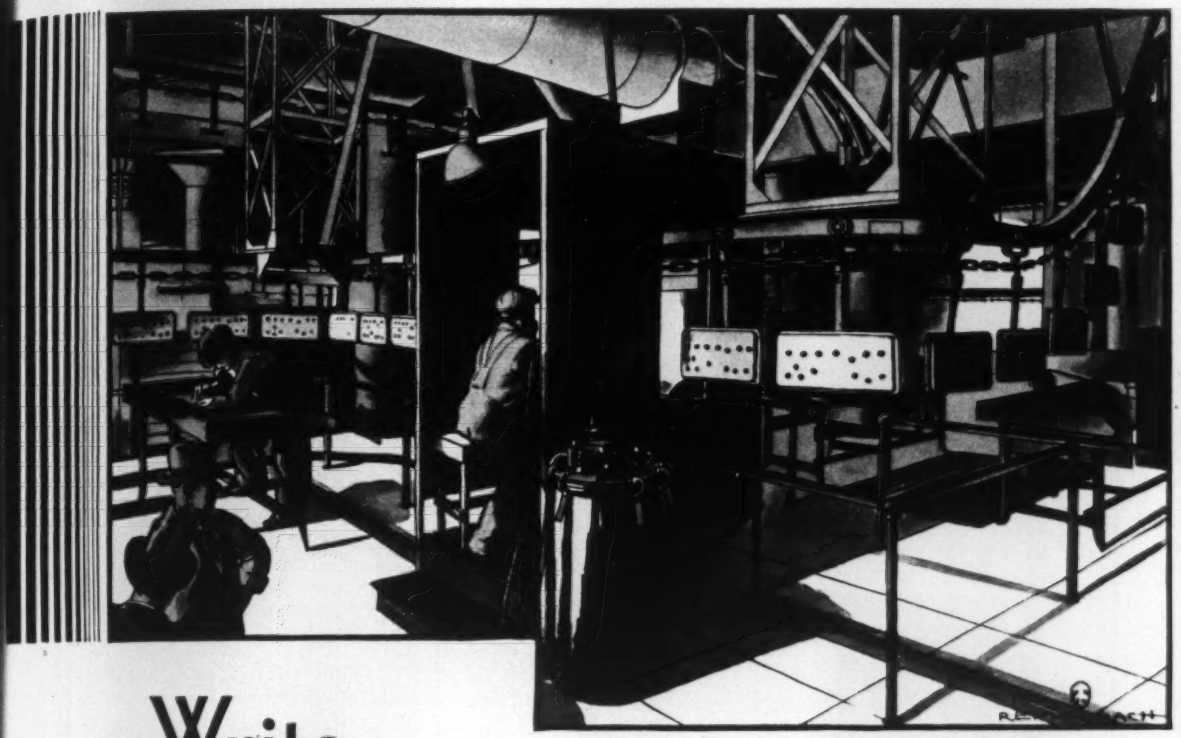
▼

A NEGRO woman has just been elected chairman of the board of a bank. She is Mrs. Maggie L. Walker. The bank is the Consolidated Bank and Trust Co. of Richmond, Va. It has $75,000 capital and $50,000 surplus, 7,500 depositors.

▼

BANKER-CONTROL has had some success with erratic industry. Now it is to be tried on wayward Nature. Checking soil erosion is too big a job for the engineers alone. Maybe the bankers can do something about it.

The Federal Land Banks are going to try. Loans to farmers will be conditional on the borrowers' showing that they have taken steps to stop their own soil from washing away. Erosion specialists hold up dank but well-pegged-down Northern France as the ideal. "Ideal of what?" ask young farmers whose overalls were once olive drab.

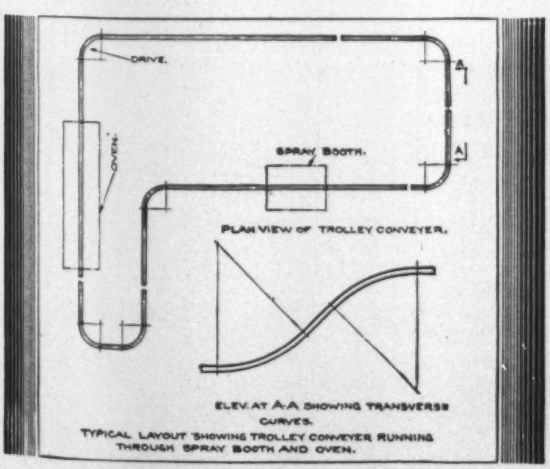


Mathews Chain Trolley Conveyer in Atwater Kent Plant

Write "MATHEWS" into your plans

CONTINUOUS straight line manufacturing has done much to aid the forward stride of industry during recent years. It will be called upon to accomplish still greater results in months to come.

Success of this modern method depends largely upon conveyers, so it is only logical that those adopting it have chosen Mathews equipment as the foundation. Engineered to handle maximum loads safely, speedily and at low cost, Mathews Conveyers fit perfectly into the straight line plan.



TYPICAL LAYOUT SHOWING TROLLEY CONVEYER RUNNING THROUGH SPRAY BOOTH AND OVEN.

Write "Mathews" into *your* plans, then, and you can be assured that your materials and goods will be moved through the plant more efficiently than ever before.

To get a clearer picture of what Mathews has done for others, look over the scores of installations in the new catalog just off the press. A copy will be sent on request.

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MATHEWS
CONVEYER SYSTEMS

FOR WEEK ENDING FEBRUARY 1, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

To Building Boosters

WE are all for more building, this year and every year to come. The Administration's efforts to maintain and stimulate construction activity are good policy and deserve universal support, not because they are necessary to avoid a business depression, but because building itself is always worth while. Construction is the most constructive thing a nation can do. Better homes, better working places, better roads, better cities are the most direct and real evidence of national prosperity and progress, and there is no sounder investment a people can make.

The United States needs more of them. In most respects—except our pet vice and public nuisance, the skyscraper—building in America is a century behind Europe. It is an aspect of life, a branch of industry, art, and science, a phase of culture we have been too busy to develop.

The greater part of the American people live in what amounts to mere mining camps or frontier outposts, waiting to move into civilized communities. Our farmhouses are hovels; our cities are sprawling, chaotic caravansaries composed of a haphazard hodge-podge of bleak, dingy barracks; our public buildings are eyesores; our roads are still in larger part merely glorified cowpaths. It is a great and prosperous country, but where its people live it looks like the devil. We have barely begun as yet to build America.

There is no reason to be afraid of overbuilding for a long, long time. Not only is more construction needed, but the demand for it is insatiable—and if there is anything that business would like to meet these days it is an insatiable demand. Where such a demand exists a way can, should, and will be found to meet it. Building is not only the index of present prosperity, it is the key to future prosperity. It makes us prosperous today by preparing us to be prosperous tomorrow. It expresses our faith in the future, and since credit is only another name for such faith, construction creates the credit upon which it is done.

But everything we would like to build for the future has to compete for the dollar we want to spend for something else now. It must compete on the basis of efficiency and economy in providing the maximum satisfaction for the money to be spent. The more and the better building we can get for the money we are willing to invest in the future the more prosperous will we be now and the more satisfied later.

This is the real problem we face in trying to stimulate construction. Merely to encourage more building on the present basis will not solve it. The construction industry is the weakest part of our whole business structure. It is without effective organization, devoid of cooperative spirit, leadership or long-range vision, burdened and harassed with outrageous labor conditions, crippled by ineffective management and wasteful methods of public and private finance, backward in technical development and in consumer-consciousness.

The revolution and reconstruction of the construction industry is the next great problem facing American business. Until we have made some progress toward its solution we are doomed to waste, delay and disappointment in our efforts to rebuild the nation.

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